

PROPOSED DEVELOPMENTAL BYLAWS

FOR

GRID WEST

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EXHIBITS

<u>Exhibit A</u>	<u>Employees Conduct Rules</u>
<u>Exhibit B1</u>	<u>Conduct Rules for Interim Board of Trustees</u>
<u>Exhibit B2</u>	<u>Conduct Rules for Developmental Board of Trustees</u>
<u>Exhibit C</u>	<u>List of Regional Representatives Group Members [to come later]</u>
<u>Exhibit D</u>	<u>Operational Bylaws [to be attached later — see proposal posted separately]</u>
<u>Exhibit E</u>	<u>Examples of Reallocation and Tabulation of Member Votes Illustrative</u> <u>Member Vote Calculation Example</u>

ARTICLE I

GENERAL PROVISIONS

1.1 Defined Terms. For purposes of these Developmental Bylaws, the following terms shall be defined as follows:

1.1.1 “Affiliate” of a Person means a Person that directly or indirectly through one (1) or more intermediaries controls, is controlled by, or is under common control with such Person. For purposes of these Developmental Bylaws, in determining whether one (1) Person controls another Person, without limitation, the direct or indirect ownership or control of or power to vote five percent (5%) or more of the outstanding voting securities of a corporation shall be deemed to constitute control of such corporation; provided, however, that in the case of any Person that is a public utility that owns an interest in an Independent Transmission Company and has divested ownership of its electric transmission system, such Person and the Independent Transmission Company shall not be considered Affiliates. In addition, for purposes of these Developmental Bylaws:

(i) members of any cooperative corporation shall not, merely by virtue of membership in such corporation, be deemed to be Affiliates of each other or of the cooperative corporation;

(ii) members of any joint operating agency, joint powers authority, joint operating entity, or comparable entity shall not, merely by virtue of membership in such joint operating agency, joint powers authority, joint operating entity, or comparable entity, be considered Affiliates of each other or of the joint operating agency, joint powers authority, joint operating entity, or comparable entity;

(iii) separate agencies of a state, a province, or the federal government shall not be considered Affiliates, regardless of any commonality of political control; and

(iv) no Crown-owned utility shall be considered an Affiliate of any State or Provincial Energy Authority.

1.1.2 “Articles of Incorporation” means the Articles of Incorporation of the Corporation, as amended from time to time.

1.1.3 “Certain Public Interest Groups” is any entity that

(i) is a public interest membership organization that is qualified under Section 501(c)(3) of the Internal Revenue Code (or, for Canadian organizations, analogous Canadian law);

(ii) is an environmental organization, demand-side management advocacy organization, energy efficiency advocacy organization, or renewable energy advocacy organization;

(iii) has an office within the Geographic Area; and

(iv) is not a Member of any of the following:

(a) Member Classes: Major Transmitting Utilities; Transmission-Dependent Utilities; Generators, Power Marketers, Large Generating End-Use Consumers, and Others; or End-Use Consumers; or

(b) Member Sub-Classes: State or Provincial Energy Authority; or Tribes.

1.1.4 “Consumer Advocate” means a Person that has been recognized, designated, or funded by or through applicable law or a State or Provincial Energy Authority (or other agency of a Participating Jurisdiction) for purposes of representing the interests of end-use consumers in regulatory proceedings within the applicable Participating Jurisdiction.

1.1.5 “Corporation” means Grid West, a Washington nonprofit corporation formed under the Washington Nonprofit Corporation Act, RCW Chapter 24.03, formerly known as RTO West.

1.1.6 “Developmental Board of Trustees” or “Developmental Board” means the Board of Trustees of the Corporation (other than the Interim Board of Trustees) during the time the se Developmental Bylaws are in effect, which may, subject to the Operational Bylaws, continue to serve until the Operational Board is elected.

1.1.7 “Developmental Bylaws” means these bylaws, ~~which~~ that govern the activities of the Interim and Developmental Boards of Trustees.

1.1.8 “Developmental Stage” means the period of time, expected to be twenty-four (24) months or less, that the se Developmental Bylaws are in effect.

1.1.9 “End-Use Consumer” means a Large Bundled End-Use Consumer, a Large Unbundled End-Use Consumer, or a Consumer Advocate.

1.1.10 “FERC” means the Federal Energy Regulatory Commission, or any successor agency.

1.1.11 “FPA” means the Federal Power Act, 16 USC § 792, et seq., as amended from time to time.

1.1.12 “Funding Agreement” means that certain funding agreement that is effective as of the election of the Developmental Board of Trustees and continues for up to twenty-four (24) months of the Developmental Stage and that is entered into by the Corporation and three (3) or more Major Transmitting Utilities, including the Bonneville Power Administration, to fund the Corporation’s activities following the election of the Developmental Board of Trustees.

1.1.13 “Generator” means any entity, including, but not limited to:

(i) an Exempt Wholesale Generator (“EWG”) as such term is defined in Section 32(a)(1) of the Public Utility Holding Company Act of 1935, 15 USC § 79z--5a(a)(1);

(ii) an Independent Power Producer, which means any nonutility generator that is involved in the ownership or operation of one or more electric generating facilities on a merchant plant basis;

(iii) a Qualifying Small Power Producer as such term is defined in Section 3(17)(D) of the FPA, 16 USC § 796(17)(D); or

(iv) a Qualifying Cogenerator as such term is defined in Section 3(18)(C) of the FPA, 16 USC § 796(18)(C);

that is not a Large Generating End-Use Consumer and that owns, leases, or otherwise exercises operational control over one (1) or more electric generating facilities, ~~each of which has a generating capability of at least one (1) MW (including any electric generating facilities on which significant construction has been completed) that~~

(a) have (or, upon completion of construction and commencement of commercial operation, will have) an aggregate net generating capacity of not less than ten (10) MW; and

(b) are (or, upon completion of construction and commencement of commercial operation, will be) either located in or dynamically scheduled into and is either located in or dynamically scheduled into (including any electric generating facility on which significant construction has been completed and that is either located in or, when operational, will be dynamically scheduled into) the Geographic Area;

provided, however, that no Power Marketer shall be deemed to be a Generator solely by virtue of its exercise of the right to direct the production of any electric generating facility that is physically controlled by an unaffiliated owner or operator.

1.1.14 “Generators, Power Marketers, Large Generating End-Use Consumers, and Others” means any entity (including, but not limited to, any Generator, Large Generating

End-Use Consumer, or Power Marketer), other than a Major Transmitting Utility, Transmission-Dependent Utility, State or Provincial Energy Authority, Tribe, or Certain Public Interest Groups, and other than an End-Use Consumer (except as provided by Section 5.2.2(iii)), that is

(i) engaged in purchases or sales of electric power that is scheduled for delivery within, into, or from the Geographic Area; and

(ii) entitled to apply to FERC for an order requiring interconnection or transmission services pursuant to Sections 210 or 211 of the FPA, or that would be entitled to apply for such an order were it doing business within the United States, or that is a marketing affiliate of any such non-U.S. entity seeking transmission services, or that receives interconnection or transmission services from a Canadian transmission provider.

1.1.15 “Geographic Area” means the portions of the provinces of Alberta and British Columbia and of the states of Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming that are electrically within the Western Interconnection, together with any additional geographic territory within the state of California that is encompassed by the control areas of the Bonneville Power Administration, PacifiCorp, and Sierra Pacific Power Company as of the effective date of these Developmental Bylaws.

1.1.16 “Governmental Committee” has the meaning specified in Section 4.2.

1.1.17 “Grid West Website” means an Internet site through which the Corporation makes available information and notices concerning its business, operations, and services.

1.1.18 “Indemnitee” means an individual made a party to a proceeding because the individual is or was an officer, employee, or agent of the Corporation, or a member of the Developmental Board of Trustees, and who possesses indemnification rights pursuant to the Articles of Incorporation, these Developmental Bylaws, or other corporate action. An employee or agent shall not be considered an Indemnitee pursuant to the Articles of Incorporation or these Developmental Bylaws unless the Developmental Board has exercised its power to provide indemnification to employees and agents generally or with respect to the particular employee or agent involved in the proceeding. “Indemnitee” shall also include the heirs, executors, and other successors in interest of such individuals.

1.1.19 “Independent Transmission Company” means a transmission company meeting the independence requirements established by FERC Order No. 2000, [89 FERC ¶ 61,285 \(Dec. 20, 1999\)](#), and all supplements and amendments thereto issued by FERC.

1.1.20 “Interim Board of Trustees” or “Interim Board” means the Interim Board of Trustees as defined in Section 7.1.

1.1.21 “Large Bundled End-Use Consumer” means an end-use consumer of electric power that

(i) is not a Member of any of the following Member Classes: Major Transmitting Utilities; Transmission-Dependent Utilities; Generators, Power Marketers, Large Generating End-Use Consumers, and Others (except as otherwise permitted under Section 5.2.2(ii)); or State and Provincial Energy Authority/Tribes/Certain Public Interest Groups;

(ii) individually and together with all of its Affiliates had, during the calendar year immediately preceding the relevant time, an aggregate retail electric load (not including electrical load for generator start-up or station service purposes) within the Geographic Area greater than or equal to five (5) aMW; and

(iii) purchases more than half of its power supply consumed within the Geographic Area solely from its legally authorized local electric or distribution utility(ies); provided, however, that if there is a pending dispute concerning the authority of its local electric or distribution utility(ies) to provide local electric or distribution service to the applicant or Member, then the applicant or Member shall be assigned to the Member Sub-Class designated (Large Bundled End-Use Consumer or Large Unbundled End-Use Consumer) on the application pending resolution of the dispute. Thereafter, the Secretary of the Corporation shall assign the Member to the Member Class or Member Sub-Class consistent with the resolution of the dispute concerning the authority of its local electric or distribution utility(ies) to provide local electric or distribution service by settlement of the parties or by a court with jurisdiction; provided, however, that nothing in this ~~sub~~Section- 1.1.21(iii) precludes challenges on other grounds under Section 5.4.5 or resulting reassignment.

1.1.22 “Large Generating End-Use Consumer” means a Large Bundled End-Use Consumer or a Large Unbundled End-Use Consumer that owns and operates in the Geographic Area one (1) or more Qualifying Cogeneration Facilities (as such term is defined in 16 USC § 796(18)(B)) that

(i) have an aggregate net generating capacity of not less than ten (10) MW; and

(ii) are in each instance located in proximity to, and electrically interconnected with, one (1) or more manufacturing or other industrial production facilities of such consumer at which electric power is consumed on an end-use basis.

1.1.23 “Large TDU” means a member of the group of those Transmission-Dependent Utilities that, when taken together, make up the minimum number of Transmission-Dependent Utilities that can account for at least fifty percent (50%) of the total amount (measured by MW-hours delivered) of retail-Qualifying Load served by all Transmission-Dependent Utilities (~~“Total Annual TDU Load”~~) during the preceding year (“Total Qualifying Load”). For purposes of this definition, “Qualifying Load” means

(i) retail load (sales not for resale), shall exclude wholesale power sales made by a Transmission-Dependent Utility to an entity other than a member of a cooperative, joint operating agency, or joint operating entity, and shall include the delivery of including energy delivered to an end-use customer located in the service area of the delivering Transmission-Dependent Utility that is not purchased from such delivering utility; and

(ii) a Transmission-Dependent Utility's wholesale sales to its members, if the Transmission-Dependent Utility is a joint operating agency, joint operating entity, generation and transmission cooperative, or comparable entity.

Those Transmission-Dependent Utilities that are to be designated as Large TDUs are identified by establishing a rank order of all Transmission-Dependent Utilities that are Members, with the Transmission-Dependent Utility that served the largest amount of the Total Annual TDU-Qualifying Load ranked first, the Transmission-Dependent Utility that served the second-largest amount of the Total Annual TDU-Qualifying Load ranked second, and so forth. The minimum number of Transmission-Dependent Utilities that can together account for at least fifty percent (50%) of the Total Annual TDU-Qualifying Load is determined by beginning with the Transmission-Dependent Utility that served the largest amount of the Total Annual TDU-Qualifying Load and continuing down through the ranking, including all Transmission-Dependent Utilities (but no more than those) necessary to account for at least fifty percent (50%) of the Total Annual TDU-Qualifying Load. Any Transmission-Dependent Utility that would otherwise be a Small TDU shall be a Large TDU if the Transmission-Dependent Utility is a joint operating agency, joint operating entity, generation and transmission cooperative, or comparable entity with Qualifying Load greater than one million two hundred fifty thousand (1,250,000) MW-hours during the preceding year. In addition, a Transmission-Dependent Utility that would otherwise be a Small TDU may participate as a Large TDU if

(~~ai~~) it submits a request to the Large ~~Transmission-Dependent Utilities- TDUs~~ that it be designated as a Large TDU;

(~~bii~~) the Large TDUs invite the requesting Small TDU to participate as a Large TDU;

(~~ciii~~) the Small TDU accepts such invitation; and

(~~div~~) the Large TDUs notify the Secretary of the Corporation.

1.1.24 “Large Unbundled End-Use Consumer” means an end-use consumer of electric power that

(i) is not a Member of any of the following Member Classes: Major Transmitting Utilities; Transmission-Dependent Utilities; Generators, Power Marketers, Large Generating End-Use Consumers, and Others (except as otherwise permitted under

Section 5.2.2(iii)); or State and Provincial Energy Authority/Tribes/Certain Public Interest Groups;

(ii) individually and together with all of its Affiliates had, during the calendar year immediately preceding the relevant time, an aggregate retail electric load (not including electrical load for generator start-up or station service purposes) within the Geographic Area greater than or equal to five (5) aMW;

(iii) does not purchase more than half of its power supply consumed within the Geographic Area solely from its legally authorized local electric or distribution utility(ies); and

(iv) either:

(a) is authorized to purchase unbundled transmission services pursuant to

(1) an unbundled retail transmission access program authorized or instituted by competent jurisdiction under applicable law²; or

(2) an agreement with the retail utility that formerly provided the power supply to the End-Use Consumer; provided, however, that if there is a pending dispute concerning the authority of its local electric or distribution utility(ies) to provide local electric or distribution service to the applicant or Member or to authorize or allow unbundled retail access, then the applicant or Member shall be assigned to the Member Sub-Class (Large Bundled End-Use Consumer or Large Unbundled End-Use Consumer) designated on the application pending resolution of the dispute. Thereafter, the Secretary of the Corporation shall assign the Member to the Member Class or Member Sub-Class consistent with the resolution of the dispute concerning the authority of its local electric or distribution utility(ies) to provide local electric or distribution service by settlement of the parties or by a court with jurisdiction; provided, however, that nothing in this subsection (iv) precludes challenges on other grounds under Section 5.4.5 of these Developmental Bylaws or resulting reassignment; or

(b) is a “direct service industrial customer,” which means a direct service industry to which the Bonneville Power Administration is authorized to sell power under the Pacific Northwest Electric Power Planning and Conservation Act.

1.1.25 “Major Transmitting Utility” means the following entities if they desire membership and otherwise qualify to become Members: Avista Corporation, Bonneville Power Administration, British Columbia Hydro and Power Authority, Bonneville Power

~~Administration~~, Idaho Power Company, [Nevada Power Company](#), NorthWestern Energy, PacifiCorp, Portland General Electric, Puget Sound Energy Inc., and Sierra Pacific Power Company ~~and Nevada Power Company~~ may become a Major Transmitting Utility. Seattle City Light may at its election enter the Major Transmitting Utility or Transmission-Dependent Utility Member Class.

1.1.26 “Market Participant” means any entity that, either directly or through an Affiliate, sells or brokers electric energy, is the owner or operator of transmission facilities, or provides transmission services within the Geographic Area.

1.1.27 “Member” means any Person that has become a Member of the Corporation under and in accordance with the provisions of Article V of these Developmental Bylaws, and that has not resigned or been terminated from membership in the Corporation.

1.1.28 “Member Class” shall have the meaning set forth in Section 5.2.1 [of these Developmental Bylaws](#).

1.1.29 “Member Sub-Class” means a sub-class of Members in any Member Class.

1.1.30 “Members Representative Committee” or “MRC” shall mean the committee described in Sections 6.1 and 6.2 of these Developmental Bylaws.

1.1.31 “NWPCC” means the Northwest Power and Conservation Council, or any successor organization.

1.1.32 “Operational Board of Trustees” or “Operational Board” means the Board of Trustees elected pursuant to the Operational Bylaws and as described in Article VII and elsewhere in these Developmental Bylaws.

1.1.33 “Operational Bylaws” means the unadopted bylaws attached as Exhibit D.

1.1.34 “Operational Stage” means the period of time that the Operational Bylaws are in effect.

1.1.35 “Participating Jurisdiction” means any state (other than California) or province, all or any portion of which is located within the Geographic Area.

1.1.36 “Person” means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint stock company, trust, unincorporated organization, government entity or political subdivision thereof, or ~~any~~ organization recognized as a legal entity by law in the United States or Canada.

1.1.37 “Power Marketer” means a wholesale power marketer that is authorized by FERC to sell electric power at market-based rates and that does not own, control, or operate any electric generation, transmission, or distribution facilities.

1.1.38 “Proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal.

1.1.39 “RCW” means the Revised Code of Washington, as amended from time to time.

1.1.40 “Regional Representatives Group” means that certain regional stakeholder body, the membership of which as of the effective date of these Developmental Bylaws consists of the members and alternates identified in Exhibit C, which members and alternates may be changed from time to time as permitted by the Regional Representatives Group.

1.1.41 “Related Person” of an individual means all of the following: an individual’s spouse, domestic partner, parents (including stepparents and in-laws), children (including stepchildren and in-laws), and siblings (including stepsiblings and in-laws).

1.1.42 “Small TDU” means any Transmission-Dependent Utility that is not designated as a Large TDU pursuant to Section 1.1.23.

1.1.43 “State or Provincial Energy Authority” means

- (i) the utilities regulatory commission of each Participating Jurisdiction;
- (ii) any other state or provincial agency, ministry, or department in any Participating Jurisdiction that has siting, energy policy, or resource planning authority with regard to electrical energy, and that is designated by the governor or premier of a Participating Jurisdiction, by notice to the Secretary of the Corporation, as a Member in the State and Provincial Energy Authority Member Sub-Class, each of the foregoing subject to the limitations of Section 5.3.2; and
- (iii) the NWPCC.

1.1.44 “Transmission-Dependent Utility” means any municipality; municipal utility; public utility district; people’s utility district; cooperative corporation; joint operating agency; joint operating entity; ~~or~~ joint powers authority; or comparable entity; irrigation district; mutual association; or tribal utility that

- (i) furnishes electric services over an electric transmission or distribution system (whether its own or its members’) located within the Geographic Area; and

(ii)-___ is not a Major Transmitting Utility.

1.1.45 “Transmission Agreements” means the agreements initially offered by the Developmental Board to transmission owners and operators ~~that~~^{which}, when effective, will allow the Corporation to perform services to be provided by the Corporation over or with respect to those transmission owners’ or operators’ transmission facilities; provided, however, that a stand-alone agreement that provides only for the Corporation to serve as a control area operator for transmission owners and operators shall not be considered a Transmission Agreement for the purposes of Sections 13.1~~7~~ and 13.2.

1.1.46 “Tribes” means a tribe or first nation recognized under applicable U.S. or Canadian federal law that has trust lands or traditional homelands with an official current address recognized by the U.S. Department of the Interior within the U.S. portion of the Geographic Area or reserve lands or lands allocated to the first nation by treaty located within the Canadian portion of the Geographic Area.

1.1.47 “Trustee” means a member of the Interim Board of Trustees, Developmental Board of Trustees, or Operational Board of Trustees, as appropriate.

ARTICLE II

OFFICES

The principal executive office of the Corporation shall be located at such place as the Interim or Developmental Board of Trustees may from time to time designate. Additional offices may be established and maintained at such place or places as the Interim or Developmental Board of Trustees may from time to time designate.

ARTICLE III

PURPOSES AND LIMITATIONS

3.1 Purposes.

3.1.1 Purposes During Developmental Stage. The purposes of the Corporation during its Developmental Stage are

(i) to develop and negotiate Transmission Agreements with transmission owners and operators within the Geographic Area and endeavor to do so within six (6) months from the date the Developmental Board of Trustees is seated;

(ii) to develop tariff provisions describing services and related protocols for the Operational Stage of the Corporation that build upon the technical work

developed by the Regional Representatives Group work groups prior to the seating of the Developmental Board;

(iii) in that development and negotiation, to promote and foster regional stakeholder input, garner broad regional support, and consider such matters as economic efficiency and fairness, reliability, cost-effectiveness, risks and rewards, fuel diversity and sustainability, and environmental effects;

(iv) to secure execution of Transmission Agreements by transmission owners and operators in the Geographic Area to commence the Operational Stage of the Corporation; and

(v) to take such other actions as are necessary and appropriate to accomplish the foregoing, including addressing potential seams issues; provided, however, that the Corporation during its Developmental Stage shall be subject to the limitations set forth in Section 3.2.

3.1.2 Regional Transmission Plan and Planning. In addition, the Corporation may develop a regional transmission plan and coordinate transmission planning for Members voluntarily participating in such planning, subject to the Members approving (by the vote provided for in Section 5.14.8) a proposal to undertake any planning activities and the Interim Board or Developmental Board securing voluntary funding for such planning efforts.

3.2 Limitations. Notwithstanding any other provision of these Developmental Bylaws, the Corporation during the Developmental Stage shall have no authority to do any of the following:

(i) own, control, or operate any electric utility facilities subject to the jurisdiction of any state, provincial, or federal utilities regulatory commission;

(ii) purchase, sell, transmit, or deliver, or participate in any market or transactions with respect to, electric energy or ancillary services except as it may purchase retail service for its own account and consumption;

(iii) provide any utility service, including transmission of electricity or electricity sales or service, or control activities affecting utility service;

(iv) make any filing (other than in response to a subpoena or to make jurisdictional challenges) with any state, provincial, or federal utilities regulatory commission; provided, however, that nothing herein shall limit any Member from making any regulatory filing;

(v) upon election of the Developmental Board of Trustees, spend or borrow beyond the approved limits in the Funding Agreement;

- (vi) adopt the Operational Bylaws, except as provided in Section 7.2.5; or
- (vii) amend the Operational Bylaws.

ARTICLE IV

REGIONAL CONSULTATION

4.1 Consultation with the Regional Representatives Group. The Developmental Board of Trustees and Corporation's staff shall work with the Regional Representatives Group as provided in this Article IV for the purposes of providing information to stakeholders in the region, obtaining and considering input from stakeholders with regard to its activities pursuant to Article III, and conducting mandatory consultation under Section 4.1.4.

4.1.1 Structure and Procedures Adopted by Regional Representatives Group. The Corporation shall cooperate with the Regional Representatives Group in the implementation of the provisions of this Article IV in accordance with the organizational structure and procedures adopted by the Regional Representatives Group.

4.1.2 Regional Representatives Group Meetings. The Corporation shall schedule monthly meetings of the Regional Representatives Group for blocks of six (6) months and provide notice to the Regional Representatives Group of such schedule. The Corporation shall modify the meeting schedule as reasonably requested by an appropriate designee of the Regional Representatives Group. The Corporation shall be responsible for procuring all necessary facilities for such meetings.

4.1.3 Response to Requests for Information and Status Reports. The Corporation shall respond to reasonable requests for information from the Regional Representatives Group and provide periodic reports on the status of developmental work.

4.1.4 Required Consultation with Regional Representatives Group. The Developmental Board of Trustees shall first consult with the Regional Representatives Group in a scheduled meeting and receive its input if the Developmental Board of Trustees proposes, either separately or as part of a regional coordination body, to take any of the following actions:

- (i) offer Transmission Agreements to one or more counterparties for acceptance;
- (ii) offer a Transmission Agreement for the operation of a consolidated control area; or
- (iii) enter into agreements with other transmission providers outside the Geographic Area to coordinate any transmission services or to form programs or entities to provide services or take action on behalf of such group of providers.

4.2 Consultation with Governmental Committee. The Developmental Board of Trustees shall, in cooperation with representatives of the Participating Jurisdictions within the Geographic Area, identify or form a committee of representatives of Participating Jurisdictions and the Tribes Member Sub-Class (the “Governmental Committee”) for the purpose of consulting with appropriate state and provincial regulatory and other agencies and authorities regarding the fulfillment of the Corporation’s purposes during the Developmental Stage. A Participating Jurisdiction need not be a Member of the Corporation to designate representatives to participate on the Governmental Committee. A Governmental Committee representative may be

(i) a voting Member of the State and Provincial Energy Authority Member Sub-Class or the Tribes Member Sub-Class;

(ii) an *ex officio* Member of the State and Provincial Energy Authority Member Sub-Class; or

(iii) a representative of a Participating Jurisdiction’s electricity regulatory commission.

4.2.1 Formation of the Governmental Committee. Within thirty (30) days after the election of the Developmental Board, the ~~Corporation’s~~ Secretary of the Corporation shall give notice of the formation or recognition of the Governmental Committee to each Member that has joined the State and Provincial Energy Authority Member Sub-Class and to each Member designated by a Tribe as its representative pursuant to Section 5.3. The structure, organization, and administration of the Governmental Committee, as well as the number of representatives permitted to participate from each Participating Jurisdiction and Tribe, shall be as agreed upon by the Developmental Board of Trustees and representatives of the Participating Jurisdictions within the Geographic Area. The ~~Corporation’s~~ Secretary of the Corporation shall request that each member of the Governmental Committee promptly notify the ~~Corporation’s~~ Secretary of the Corporation of any change in the designation of a member of the Governmental Committee.

4.2.2 Meetings of the Governmental Committee. The Corporation shall schedule meetings for the Governmental Committee at least once each calendar quarter. Members of the Developmental Board of Trustees shall make best efforts to attend each of the scheduled meetings unless the Governmental Committee specifies that a meeting be held without members of the Developmental Board of Trustees in attendance.

4.3 Additional Regional Meetings. In addition to the consultation provided for in Sections 4.1 and 4.2, the Developmental Board of Trustees shall make reasonable, good-faith efforts to consult with other governmental agencies, the Regional Representatives Group, the general public, Tribes, and other interested organizations within the Geographic Area. The Developmental Board of Trustees shall make best efforts to conduct such consultation throughout the Geographic Area, and at locations other than the major urban areas in which meetings of the Developmental Board of Trustees and of the Regional Representatives Group are normally held. The Corporation shall give notice to the Regional Representatives Group, the

Members, and the Governmental Committee of any scheduled meetings held to obtain consultation under this Section 4.3.

4.4 Consultation Notices. The Corporation shall give the members of the Regional Representatives Group and the Governmental Committee notice of the Board's regularly scheduled meetings and of the agenda at least seven (7) days before the meeting, and also provide notice to all Members of the Corporation as provided in these Developmental Bylaws. All notices required to be given under this Article IV shall be provided by posting on the Grid West Website, and by distributing notice electronically to all Persons entitled to receive notices under this Article IV that have provided the ~~Corporation's~~ Secretary of the Corporation with their electronic mail address.

ARTICLE V

MEMBERS

5.1 Powers and Rights of Members. The Members shall, subject to these Developmental Bylaws and applicable law, have the rights and powers listed in Sections 5.1.1 through 5.1.3:

5.1.1 Exclusive Member Rights. The Members shall have the exclusive right and power to

- (i) nominate and elect members of the MRC pursuant to Section 6.3.;
- (ii) remove members of the MRC without cause pursuant to Section 6.6.;
- (iii) approve amendments of these Developmental Bylaws proposed by the Developmental Board of Trustees pursuant to Section 7.2.6 (subject to the applicable provisions of Sections 5.13 and 5.14).;
- (iv) override a proposal by the Developmental Board of Trustees to dissolve the Corporation as provided in Article XIII (subject to the applicable provisions of Sections 5.13 and 5.14).;
- (v) approve a proposal by the Developmental Board of Trustees to adopt the Operational Bylaws.;
- (vi) approve a proposal by the Interim or Developmental Board of Trustees to develop a regional transmission plan or coordinate transmission planning consistent with Section 3.1.2.;
- (vii) participate in advisory votes submitted to the Members by the Interim or Developmental Board of Trustees pursuant to Section 5.15.

5.1.2 Nonexclusive Member Rights and Powers. The Members shall have the nonexclusive right and power to

- and (i) remove members of the MRC for cause pursuant to Section 6.6,
- (ii) amend the Articles of Incorporation pursuant to the provisions therein.

5.1.3 Additional Member Rights. The Members shall have the nonexclusive right to receive notices of and attend and be heard at meetings of the Members and the Interim and Developmental Boards of Trustees as provided in these Developmental Bylaws, and to provide guidance to the Board [of Trustees](#) through advisory votes requested by the Board of Trustees, by resolutions, and by other means as determined by the Members.

5.2 Classes of Members.

5.2.1 Identification of Member Classes. The Corporation shall have five (5) classes of Members (each such class, a “Member Class”) with the voting rights as set forth in these Developmental Bylaws:

- (i) the Major Transmitting Utilities Member Class;
- (ii) the Transmission-Dependent Utilities Member Class, with the following Member Sub-Classes:
 - (a) Large TDU Member Sub-Class, and
 - (b) Small TDU Member Sub-Class;
- (iii) the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class, with the following Member Sub-Classes:
 - (a) Generators Member Sub-Class,
 - (b) Power Marketers and Others Member Sub-Class, and
 - (c) Large Generating End-Use Consumers [s](#) Member Sub-Class;
- (iv) the End-Use Consumers Member Class, with the following Member Sub-Classes:
 - (a) Large Unbundled End-Use Consumers Member Sub-Class,

- and

 - (b) Large Bundled End-Use Consumers Member Sub-Class,
 - (c) Consumer Advocates Member Sub-Class; and
 - (v) the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class, with the following Member Sub-Classes:
 - (a) State and Provincial Energy Authority Member Sub-Class,
 - (b) Tribes Member Sub-Class, and
 - (c) Certain Public Interest Groups Member Sub-Class.

5.2.2 Member Class Assignment Rules. Subject to the following limitations, any Person that has been determined, in accordance with the provisions of Section 5.3, to be qualified to become a Member, shall be entitled to be a Member of the Member Class for which it qualifies. No Member may be a Member of more than one (1) Member Class or Member Sub-Class at any given time, and no Person may be a Member if an Affiliate of such Person is already a Member. Unless provided otherwise below, a Person that qualifies to be a Member shall be assigned to a Member Class or Member Sub-Class according to the following provisions; provided, however, that a Tribe may elect among any of the Member Classes or Member Sub-Classes for which it qualifies.

- (i) If an applicant or Member qualifies for both the Major Transmitting Utilities Member Class and any other Member Class, it shall be a Member of the Major Transmitting Utilities Member Class, except as set forth in the definition of Major Transmitting Utility.
- (ii) If an applicant or Member qualifies for both the Transmission-Dependent Utilities Member Class and any Member Class other than the Major Transmitting Utilities Member Class, it shall be a Member of the Transmission-Dependent Utilities Member Class.
- (iii) If an applicant or Member qualifies for both the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class and the End-Use Consumers Member Class, the following rules shall apply:
 - (a) If the applicant or Member qualifies as a Large Generating End-Use Consumer, it shall be entitled to be a Member of either the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class or the End-Use Consumers Member Class; provided, however, that once having elected membership in either of such Member Classes, the Member shall not (unless such Member no longer qualifies for the class in which it has elected

membership) be entitled, for a period of three (3) years thereafter, to change its membership to the other such class.

(b) If the applicant or Member is not a Large Generating End-Use Consumer, but owns or operates in the Geographic Area one (1) or more generating facilities located in proximity to, and electrically interconnected with, one (1) or more of such applicant's or Member's manufacturing or other industrial production facilities at which electric power is consumed on an end-use basis, then such applicant or Member shall be a Member of the End-Use Consumers Member Class.

(c) In all other instances, if an applicant or Member qualifies for both the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class and the End-Use Consumers Member Class, the applicant or Member shall be a Member of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class.

(iv) If an applicant or Member qualifies for the End-Use Consumers Member Class, and only that Member Class, then it shall be a Member of the End-Use Consumers Member Class.

(v) If an applicant or Member qualifies for the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class, and only that Member Class, it shall be a Member of the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class, except that a Tribe may elect to be a Member of the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class even if it qualifies for another class.

(vi) If an applicant or Member qualifies for the State and Provincial Energy Authority Member Sub-Class and the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class, then it shall be a Member of the State and Provincial Energy Authority Member Sub-Class.

5.3 Qualifications and Admission of Members.

5.3.1 General Qualifications for Membership. No Person may become or be a Member unless:

(i) such Person is a Major Transmitting Utility; a Transmission-Dependent Utility; an entity within the definition of "Generators, Power Marketers, Large Generating End-Use Consumers, and Others"; an End-Use Consumer; a State or Provincial Energy Authority; a Tribe; or a Certain Public Interest Group; and

(ii) such Person has timely paid the requisite initial and subsequent annual membership fees of \$1,000 each year; provided, however, that such fees shall be

waived for State or Provincial Energy Authorities, and one (1) Consumer Advocate in each Participating Jurisdiction; and, provided, further, that upon their written request, the Membership Admissions Committee (as defined in Section 5.4.1) or Developmental Board of Trustees may waive or reduce such fees on a nondiscriminatory basis for Tribes or Certain Public Interest Groups that are applying for membership in the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class.

5.3.2 Voting and Ex Officio Members from States and Provinces. Any State or Provincial Energy Authority shall be admitted to membership, as a voting or *ex officio* (nonvoting) Member, upon giving notice to the Secretary of the Corporation of its intent to become a Member and whether it desires to be a voting or *ex officio* Member, together with the name, address, telephone number, facsimile number, and electronic mail address of the State or Provincial Energy Authority; the name of the State or Provincial Energy Authority chairperson or director or other individual who is authorized to send and receive notices on behalf of, and otherwise represent, such State or Provincial Energy Authority in all matters relating to its membership in the Corporation; and the name of an alternate for such individual; provided, however, that no more than two (2) State or Provincial Energy Authorities from any given Participating Jurisdiction (without counting the NWPCC for this purpose) may be Members (whether voting or *ex officio*) at the same time; and, provided, further, that the NWPCC shall be entitled to only one (1) membership in the State and Provincial Energy Authority Member Sub-Class (not one (1) membership per state).

5.3.3 Membership of Tribes. Any Tribe shall be admitted to membership upon payment of the membership fee and giving notice to the Secretary of the Corporation of its intent to become a Member, together with the name, address, telephone number, facsimile number, and electronic mail address of the Tribe; the name of the tribal chairperson or director or other individual who is authorized to send and receive notices on behalf of, and otherwise represent, such Tribe in all matters relating to its membership in the Corporation; and the name of an alternate for such individual; provided, however, that no Tribe may hold more than a single Member position in the Corporation at any time; and, provided, further, that if a Tribe requests a waiver of the membership fee, the Tribe shall not become a Member until the waiver has been granted and all other requirements set forth above are satisfied.

5.3.4 Procedures for Application. The application of any Person that believes that it satisfies the membership requirements set forth in Sections 5.3.1 through 5.3.3 and that desires to become a Member, shall be processed following the procedures set out in Section 5.4 (Interim Board) or Section 5.5 (Developmental Board).

5.3.5 Notice of Acceptance of Membership. Upon acceptance of the membership application of any entity to be a Member in any Member Class, the Secretary of the Corporation shall provide notice of such acceptance to each existing Member.

5.3.6 Certain Limitations on Membership. No Affiliate of any Person that is a Member may be a Member at any time while such Person is a Member. A Person that is a Member and has as its members other Persons that are Members, such as a joint operating

agency, a joint operating entity, or a generation and transmission cooperative, may not be in the same Member Sub-Class as any of its members.

5.3.7 List of Members. The Corporation shall maintain at all times a current list of the name and address of each Member, along with the name of the designated representative and alternate representative of each such Member, and Member Class assignment. The list shall be posted on the Grid West Website and updated periodically.

5.3.8 Member's Right to Replace Authorized Representative. Any Member may at any time, effective upon notice to the Secretary of the Corporation, replace the individual who is authorized to represent such entity and to whom notices shall be sent, or the alternate for such individual.

5.3.9 Member Obligation to Report Changes in Qualification; Disqualification and Redesignation of Member Class. Each Member has a continuing obligation to notify the Secretary of the Corporation of any material change in circumstances that would disqualify it from membership or require a redesignation of Member Class or Member Sub-Class. The Secretary of the Corporation shall establish procedures for review and determination of a Member's status and redesignation of Member Class or Member Sub-Class, where a Member fails to qualify for a Member Class or Member Sub-Class, or, if the Member no longer qualifies for any Member Class or Member Sub-Class, termination of Membership.

5.4 Admission by Interim Board.

5.4.1 Membership Admissions Committee. The members of the Membership Admissions Committee are Stefan Brown, Robert Kahn, Carol Opatrny, Aleka Scott, and Linc Wolverton. The Membership Admissions Committee shall administer the membership application process and make determinations of Member and Member Class eligibility prior to election of the Developmental Board of Trustees. Vacancies on the Membership Admissions Committee shall be filled by majority vote of the remaining committee members. If a vacancy is not filled within two (2) weeks of the vacancy occurring, the Interim Board shall select a replacement.

5.4.2 Membership Dispute Resolution Committee. The members of the Membership Dispute Resolution Committee are Don Brookhyser, Malcolm McLellan, and Susan Ackerman. The Membership Dispute Resolution Committee shall make factual findings with respect to disputed membership applications during the Developmental Stage. Vacancies on the Membership Dispute Resolution Committee shall be filled by majority vote of the remaining committee members if the MRC has not yet been elected and by a majority vote of the MRC thereafter.

5.4.3 Initial Membership Application Window.

(i) Applications for membership in the Corporation may be submitted until close of business on the date that the Interim Board announces as the closing date of

such period, which shall be no earlier than sixty (60) days after the adoption of these Developmental Bylaws.

(ii) During such application period, the Membership Admissions Committee shall receive applications for membership in the Corporation; and shall, no later than fourteen (14) days after the closing of the initial application period, accept all qualified applications and make determinations of the Member Class to which each applicant shall be assigned. In addition to notifying the applicant, the Membership Admissions Committee shall post such determinations on the Grid West Website no later than the fourteenth (14th) day after the closing of the application period. The Membership Dispute [Resolution](#) Committee shall meet once before the thirtieth (30th) day of the initial membership window and again before the forty-fifth (45th) day of the initial membership window if there are challenges to applications for membership for which timely replies have been received or the time for replies set in Section 5.4.5(i) has expired.

(iii) Applications shall contain the information specified in Section 5.3.2, 5.3.3, or 5.5.1~~(i)~~ as appropriate.

(iv) The Membership Admissions Committee may request information from any applicant to assist in a determination of Member Class. If an applicant does not respond to reasonable requests of the Membership Admissions Committee, the application may be rejected as unqualified.

5.4.4 Declaratory Membership Option During Initial Membership Application Window. In addition to an application for membership made during the initial application window, the Membership Admission Committee shall provide for a declaratory form of application (“declaratory member”) by which a Person may obtain a determination of whether it qualifies for membership in a specific Member Class prior to tendering the required membership fee. The Secretary of the Corporation shall include any such declaration in the membership posting pursuant to Section 5.4.3(ii). A declaratory member may activate membership by

(i) notifying the Secretary of the Corporation of its intent to become a Member in the Member Class or Member Sub-Class assigned through the declaratory process; and

(ii) submitting the membership fee or upon approval of any permitted application for waiver of the fee.

5.4.5 Challenges to Applications.

(i) Any applicant may protest the rejection or class assignment of its own application and any Member may protest the acceptance of the application or class assignment of any such Member or “declaratory member” within a ten- (10-) day period following the posting of the initial class membership and assignment by submitting its

protest in writing to the Membership Admissions Committee. The Membership Admissions Committee shall post all such protests and notify by first-class mail (with a copy by electronic mail to any Member that has provided notice to the Secretary of the Corporation of such Member's electronic mail address) the Members whose qualifications or classifications have been challenged. Each Member whose qualification or classification has been challenged shall have the opportunity to respond to the protest by written submittal to the Membership Admissions Committee to be filed on or prior to the twentieth (20th) day following the posting of the initial class membership and sub-class assignment by the Membership Admission Committee.

(ii) The Membership Dispute Resolution Committee shall consider all protests to the membership qualifications or class assignments and shall make determinations for all applicants under protest on or prior to the thirtieth (30th) day following the posting. Such determinations shall be in writing, shall specify the reasons for accepting or denying a protest, and shall be posted on the Grid West Website.

(iii) Thereafter, any Member dissatisfied with its Member Class assignment shall have the right to withdraw its membership within thirty (30) days and receive a refund of its annual dues. Otherwise, all Member Class assignments of the initial membership applicants shall be considered final, subject to the Membership Dispute Resolution Committee's power to redesignate a Member to a different Member Class pursuant to Section 5.6.

5.4.6 Second Application Window Before Election of Developmental Board. Applications for membership may be submitted to the Membership Admissions Committee after the notice provided in Section 7.1.13(iii)(c). The Membership Admissions Committee shall make a good-faith effort to determine each applicant's membership qualification and its appropriate Member Class by the deadline for such determinations set forth in Section 5.4.7 and shall post such determinations on the Grid West Website. In the event that the Membership Admissions Committee does not process an application before the record date established by Section 5.4.7, the application shall be referred to and processed by the Developmental Board pursuant to Section 5.5.1. An applicant may protest-challenge the rejection or Member Class assignment of its own application pursuant to the procedures of Section 5.5.1~~(i)~~. In addition, any Member may dispute the acceptance of the application or Member Class assignment of the applicant pursuant to the procedures set forth in Section 5.5.~~21(ii)~~, and the Secretary of the Corporation shall provide to the applicant written notice by first-class mail (with a copy by electronic mail to any Member that has provided notice to the Secretary of the Corporation of such Member's electronic mail address) of any other Member's challenge to its acceptance or class designation. A Person for whom a declaratory determination has been issued by the Membership Admissions Committee as to the Person's appropriate Member Class shall have the right to become a Member of that Member Class by tendering its membership fee unless the Membership Admissions Committee determines that the Person no longer qualifies for such Member Class based on events occurring after the issuance of the determination.

5.4.7 Recognition of Representatives Authorized to Vote. In order that the Corporation may determine the Members entitled to vote in the initial election of the MRC, any Person that is specified on the membership list maintained by the Membership Admissions Committee at the close of business of the seventh (7th) day prior to the Members² meeting to elect the initial MRC and continues to be a Member at the time of ~~thate~~ Members² meeting is entitled to have its designated representative or alternate vote at the Members² meeting. Persons that have not been designated into a Member Class by such date shall not be Members for the vote. No later than the close of business on the sixth (6th) day prior to the Members² meeting, the Membership Admissions Committee shall provide to all Members a copy of the membership list of each Member Class. The list may be provided by electronic communication.

5.5 Admission by Developmental Board.

5.5.1 Applications After Election of Developmental Board. After the election of the Developmental Board, the Corporation shall receive new Member applications. The membership application of any Person shall specify the name, address, telephone number, facsimile number, and electronic mail address of the requesting Person; the Member Class in which such Person desires to participate; a statement of the qualifications of such Person for membership in such Member Class; the name of the individual who is authorized to represent such Person in all matters relating to its membership in the Corporation (including quorum counts, voting, and sending and receiving notices on behalf of such entity); and the name of an alternate for such individual. If the Secretary of the Corporation has any reason to believe that any particular application for membership is deficient, the Secretary of the Corporation may reject the application. If the Secretary of the Corporation has any reason to believe that any particular application for membership is not qualified to participate in the Member Class specified in the written notice from such applicant, but is qualified to participate in another Member Class, the Secretary of the Corporation shall, within thirty (30) days after receipt of such applicant's completed membership application, so notify the applicant by first-class mail (with a copy by electronic mail to the applicant if the applicant has provided notice to the Secretary of the Corporation of its electronic mail address). In the event that the applicant does not object within fifteen (15) days to the redesignation of membership proposed by the Secretary of the Corporation, the membership application shall be redesignated for and accepted in such other Member Class. In the event that the applicant does object to such redesignation within such fifteen- (15-) day period, the dispute shall be submitted to and finally resolved by the Membership Dispute Resolution Committee. If the Secretary of the Corporation has reason to believe that any particular applicant is not qualified to participate in any Member Class, the Secretary of the Corporation shall, within thirty (30) days after receipt of such applicant's completed membership application, forward such application to the Developmental Board of Trustees, which shall approve or reject such application. If the Developmental Board of Trustees rejects the membership application of any such entity, it shall send written notice to such applicant by first-class mail (with a copy by electronic mail to the applicant if the applicant has provided notice to the Secretary of the Corporation of its electronic mail address), specifying the reasons for such rejection. If the applicant objects to such rejection, the dispute shall be submitted to and finally resolved by the Membership Dispute Resolution Committee.

5.5.2 Notice and Opportunity to Challenge. After providing notice of acceptance of a Member and initial assignment to a Member Class or Member Sub-Class to each existing Member by posting on the Grid West Website, each existing Member may, at any time thereafter, challenge the admission of such entity to membership in the Corporation or in its designated Member Class. The Secretary of the Corporation shall send notice of any such challenge to the Member by first-class mail (with a copy by electronic mail to the Member if the Member has provided notice to the Secretary of the Corporation of its electronic mail address). Each Member whose admission in the Corporation or in such Member Class has been challenged shall have the opportunity to respond to the challenge by written submittal to the Developmental Board to be filed on or prior to the twentieth (20th) day following such notice from the Secretary of the Corporation. Any such challenge shall be submitted by the Developmental Board to the Membership Dispute Resolution Committee for a final determination.

5.6 Challenges to Membership or Member Class Qualifications. Pending resolution by the Membership Dispute Resolution Committee of any challenge to a Member's membership in the Corporation or in its designated Member Class or Member Sub-Class, such Member shall be and remain a Member in its designated Member Class or Member Sub-Class and shall possess and be entitled to exercise each and all of the rights and privileges of membership in the Corporation in such Member Class or Member Sub-Class. The final determination of such challenge shall not void the election of any members of the MRC, any decision of the MRC, any decision of the Developmental Board, or any decision of the Members made before such final determination involving the challenged Member acting in its designated Member Class or Member Sub-Class. In the event that the challenged Member is determined in such dispute resolution proceeding not to satisfy the qualifications for membership in the Corporation, the membership of such Member and all of such Member's voting rights and other rights of membership shall be terminated effective immediately upon such determination. In the event that the challenged Member is determined in such dispute resolution proceeding not to satisfy the qualifications for membership in the Member Class of which it is then a Member, but instead to satisfy the qualifications for membership in another Member Class or Member Sub-Class, such Member shall be reclassified into such other Member Class or Member Sub-Class effective immediately upon such determination.

5.7 Termination of or Withdrawal from Membership.

5.7.1 Termination for Failure to Pay Membership Fees. If any Member fails to timely pay the annual membership fee due from such Member for any year pursuant to the provisions of Section 5.3.1, the Secretary of the Corporation shall notify such Member by first-class mail, addressed to the Member at the address provided to the Secretary of the Corporation in accordance with the requirements of these Developmental Bylaws, that the Corporation has not received such membership fee and that such Member's membership in the Corporation shall be terminated in the event such fee is not paid by such Member in full within forty-five (45) days after the date of deposit of such notice in the U.S. mail. In the event that payment of the full amount of the membership fee is not received within such period, the membership of such Member in the Corporation shall be terminated immediately and without any further action upon the expiration of such forty-five- (45-) day period, and the terminated Member shall cease to

have any rights whatsoever as a Member of the Corporation. Notwithstanding any such termination of membership, all dispute resolution proceedings and appeals that are in effect or pending as of such termination shall remain in effect and shall be followed to completion by the terminated Member and by other affected Members pursuant to these Developmental Bylaws. Any Member that has been terminated from membership in the Corporation may not reapply for membership for a period of one (1) year from the date of such termination.

5.7.2 Withdrawal from Membership. Any Member may withdraw from the Corporation upon providing written notice of its withdrawal to the Secretary of the Corporation. The withdrawal shall be effective upon its receipt by the Secretary of the Corporation. Notwithstanding such notice of withdrawal, all dispute resolution proceedings and appeals that are in effect or pending as of the date of the receipt by the Interim or Developmental Board of written notice of such withdrawal shall remain in effect and be followed to completion by the withdrawing Member and by other affected Members pursuant to these Developmental Bylaws. Any Member that has voluntarily withdrawn from the Corporation may not reapply for membership for a period of six (6) months from the date of its withdrawal.

5.8 Establishment of Record Date for Member Votes. In order that the Corporation may determine the Members entitled to vote in any election of members of the MRC or on any other matter on which the Members are entitled to vote, the Interim or Developmental Board of Trustees shall set the record date, which shall be the date of notice to the Members of any meeting at which any matter is to be presented to the Members for a vote; provided, however, that the record date for the initial election of the MRC shall be established pursuant to Section 5.4.7. Members specified on the list maintained by the Secretary of the Corporation on the record date are entitled to notice of such meeting and to vote at any such meeting if they continue to be Members as of the date of the meeting and their designated representative or alternate is present. If the Interim or Developmental Board of Trustees calls a meeting of one (1) or more Member Classes or Sub-Classes (but fewer than all Member Classes), the Interim or Developmental Board of Trustees shall specify the record date applicable to the meeting according to the procedures and timing the Interim or Developmental Board of Trustees determines to be fair and reasonable in the applicable circumstances.

5.9 Meetings of Members.

5.9.1 Bi-annual Member Meetings. After the election of the Developmental Board of Trustees, there shall be bi-annual meetings of the Members of the Corporation at approximately six- (6-) month intervals at such date, time, and place within the Geographic Area, as the Developmental Board of Trustees shall determine. At one (1) such bi-annual meeting, the members of the Developmental Board of Trustees and officers of the Corporation shall

- (i) deliver to the Members (to the extent not delivered previously) the annual financial statements of the Corporation prepared in accordance with the requirements of Section 10.2 and copies of the Corporation's budgets for at least the current and next fiscal years;

- (ii) discuss other significant matters affecting the Corporation;
- (iii) describe the Corporation's progress on carrying out the purposes in Article III; and
- (iv) respond to any questions of the Members with respect thereto.

5.9.2 Special Member Meetings. In addition to the meetings of the Members required under Section 5.9.1,

- (i) special meetings of the Members for any purpose or purposes may be called at any time by
 - (a) the President of the Corporation,
 - (b) the Developmental Board of Trustees,
 - (c) not less than one-third (1/3) of the Members entitled to vote at such meeting, or
 - (d) not less than a majority of the Members in any two (2) Member Classes; and
- (ii) special meetings of the Members in any Member Class or Member Sub-Class for any purpose or purposes may be called at any time by
 - (a) the President of the Corporation,
 - (b) the Developmental Board of Trustees, or
 - (c) not less than one-third (1/3) of the Members entitled to vote at such meeting.

Any such special meetings shall be held at such date, time, and place within the Geographic Area as may be determined by the person or persons calling such meeting.

5.10 Notice of Meetings of Members.

5.10.1 Timing and Manner of Notices. Notice of regularly scheduled and special meetings shall be given to each Member entitled to vote at such meeting not less than ten (10) days and not more than fifty (50) days prior to the meeting; or not less than thirty (30) days and not more than fifty (50) days prior to the meeting in the case of any meeting

- (i) to vote on the election of one (1) or more members of the MRC;

- (ii) to vote on any proposed amendment to the se Developmental Bylaws; or
- (iii) to vote on dissolution of the Corporation.

Notice shall be made either personally or by first-class mail, with a copy by electronic mail to any such Member that has provided notice to the Secretary of the Corporation of such Member's electronic mail address. If mailed, such notice shall be deemed given when deposited in the U.S. or Canadian mail, with first-class postage thereon prepaid, addressed to the Member at the address provided to the Secretary of the Corporation in accordance with the requirements of these Developmental Bylaws. Each such notice shall state the date, time, and place of the meeting and the meeting agenda, including the purpose or purposes for which the meeting is called.

5.10.2 Effect of Lack of Notice and Agenda Changes. At the bi-annual meetings of the Members of the Corporation, the failure of any item to be included in the notice or on the agenda shall not prevent action from being taken at the meetings; provided, however, that if any changes are made to any such agenda before the meeting, the Secretary of the Corporation shall make reasonable efforts to provide the Members of the Corporation of any such changes as soon as practicable in advance of the meeting. At any other meeting of the Members, the failure of any item to be included in the notice or on the agenda shall prevent action on that item from being taken at the meeting.

5.10.3 Public Notice of Member Meetings. Public notice of each meeting of the Members, and each meeting of any two (2) or more Member Classes, shall be placed on the Grid West Website and posted at the offices of the Corporation at least ten (10) days before such meeting. Public notice of any adjournment and reconvening of any such meeting shall be placed on the Grid West Website and posted at the offices of the Corporation as soon as practicable after any such adjournment. Each such notice shall include an agenda for the meeting. If any changes are made to any such agenda before the meeting to which the agenda relates, the Secretary of the Corporation shall make reasonable efforts to provide public notice of any such changes as soon as practicable in advance of the meeting. In addition, notice of each meeting of the Members, and each meeting of any two (2) or more Member Classes, shall be sent by the Secretary of the Corporation, by first-class mail, telegram (charges prepaid), facsimile, or electronic mail, to each member of the public who so requests and who has provided such Secretary of the Corporation with complete information regarding such person's name and address; provided, however, that the failure of any such member of the public to receive notice of any meeting of the Members shall not under any circumstances affect the validity of such meeting or any action taken at such meeting.

5.11 Open Member Meetings. Except as hereinafter set forth, any member of the public may attend and observe the proceedings of any meeting of the Members, and any meeting of any two (2) or more Member Classes, noticed pursuant to Section 5.10.32. Notwithstanding the foregoing, Members may, with notice to the Secretary of the Corporation in each instance,

hold any such meeting in closed session for the same purposes and to the same extent as the Developmental Board of Trustees is entitled to hold closed sessions pursuant to Section 7.6.

5.12 Member Waivers of Notice. The notice requirements contained in these Developmental Bylaws may be waived in writing by any Member with respect to itself, either before or after the meeting. The attendance by any Member at a meeting without protesting, as soon as reasonably practicable, the lack of notice of such meeting shall constitute a waiver of notice by it. All waivers shall be made part of the minutes of the meetings.

5.13 Quorum Rules. There is no quorum requirement for regularly scheduled or special Member meetings; provided, however, that the Secretary of the Corporation shall count only the votes cast in Member Classes or Member Sub-Classes that meet their respective quorum rules for voting.

5.13.1 Quorum Rules for Binding Member Votes (Except to Fill Members Representative Committee Vacancies and to Remove Members Representative Committee Members).

(i) Except for meetings of a Member Class or Member Sub-Class to fill vacancies of its designated MRC positions (or to remove a member of the MRC) for which the quorum rule is set forth in Section 5.13.2, all votes of Members must take place at a duly called meeting of Members (all Member Classes meeting at the same time).

(ii) If a Member Class does not include any Member Sub-Classes, then the quorum requirement for that Member Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Class and entitled to vote. *Ex officio* Members do not count when determining whether a quorum exists.

(iii) If a Member Class has Member Sub-Classes, then quorum requirements shall apply to each Member Sub-Class separately, and the quorum requirement for a Member Sub-Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Sub-Class. *Ex officio* Members do not count when determining whether a quorum exists.

(iv) The validity of a quorum for any Member Class that satisfies the requirement set forth in Section 5.13.1(ii) shall not be affected by the failure of any other Member Class to satisfy the applicable Member Class quorum requirement. The validity of a quorum for any Member Sub-Class that satisfies the requirement set forth in Section 5.13.1(iii) shall not be affected by the failure of any other Member Sub-Class within its Member Class (or the failure of any other Member Class) to satisfy the applicable quorum requirement.

(v) The manner of tabulating Member votes at any meeting at which the Members have satisfied the foregoing requirements shall be as specified in Section 5.14.

5.13.2 Quorum Rules for Meetings of Member Classes or Member Sub-Classes to Remove Members of the Members Representative Committee and to Fill Vacancies.

(i) If a Member Class or Member Sub-Class wishes to remove a member of the MRC or if a vacancy occurs with respect to any MRC positions for which a particular Member Class or Member Sub-Class is entitled to vote (other than due to the ordinary expiration of the MRC members' terms), the applicable Member Class or Member Sub-Class may request that the Developmental Board of Trustees convene a special meeting of the affected Member Class or Member Sub-Class (without the need for other Member Classes or Member Sub-Classes to meet at the same time) to remove the member or fill the vacancy in accordance with Section 6.6.

(ii) If a Member Class does not include any Member Sub-Classes, then the quorum requirement for that Member Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Class and entitled to vote. ~~*Ex officio Members do not count when determining whether a quorum exists.*~~

(iii) If a Member Class has Member Sub-Classes, then quorum requirements shall apply to each Member Sub-Class separately, and the quorum requirement for a Member Sub-Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Sub-Class. ~~*Ex officio Members do not count when determining whether a quorum exists.*~~

(iv) The validity of a quorum for any Member Class that satisfies the requirement set forth in Section 5.13.2(ii) shall not be affected by the failure of any other Member Class to satisfy the applicable Member Class quorum requirement. The validity of a quorum for any Member Sub-Class that satisfies the requirement set forth in Section 5.13.2(iii) shall not be affected by the failure of any other Member Sub-Class within its Member Class (or the failure of any other Member Class) to satisfy the applicable quorum requirement.

(v) The manner of tabulating Member votes with respect to Member Class or Member Sub-Class meetings to fill MRC vacancies shall be as set forth in the applicable provisions of Section 6.3, and the manner of tabulating Member votes with respect to meetings to remove MRC members shall be as set forth in the applicable provisions of Section 6.6.

(vi) In any Member Class or Member Sub-Class that has *ex officio* Members, the *ex officio* Members do not count when determining whether a quorum exists.

5.13.3 Quorum Rules for ~~Advisory~~ Member ~~Advisory~~ Votes. The quorum rules applicable to Member advisory votes called by the Interim or Developmental Board of Trustees (as authorized in Section 5.15) shall be as specified by the Interim or Developmental Board of Trustees with respect to the matter being submitted to an advisory vote. If the Interim or Developmental Board of Trustees does not specify special quorum rules, the quorum rules shall be as set forth in Section 5.13.1.

5.14 Voting of Members (Other Than Advisory Votes).

5.14.1 General Voting Rules. For any Member Class or Member Sub-Class that has met the quorum requirements at a duly called meeting of Members (except for electing MRC members or filling MRC vacancies, which shall be as specified in the applicable provisions of Section 6.3), the voting rules shall be as follows:

(i) Each Member Class (other than the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class), as a whole, shall have total voting power equal to six (6) votes. The State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class, as a whole, shall have total voting power equal to six (6) votes if the State and Provincial Energy Authority Member Sub-Class has four (4) or fewer voting Members, or seven (7) votes if the States and Provincial Energy Authority Member Sub-Class has five (5) or more voting Members ~~or six (6) votes if the States and Provincial Energy Authority Member Sub-Class has four (4) or fewer Members~~. The combined voting power of all Member Classes in the Corporation equals thirty ~~one~~ (30~~4~~) votes, except if the States and Provincial Energy Authority Member Sub-Class has four (4) or fewer Members five (5) or more voting Members, in which case the combined voting power of all Member Classes in the Corporation equals thirty ~~one~~ (31~~0~~) votes. Tabulation of Member votes shall be as set forth in this Section 5.14.

(ii) A Member shall participate and vote in a Member meeting or Member Class or Member Sub-Class meeting through the designated representative or alternate appearing on the records of the Secretary of the Corporation. The Members' designated representative or alternate shall be required to be present in person at a meeting in order to vote on any matter coming before the Members at such meeting. A designated representative or alternate may represent more than one (1) Member in the Transmission-Dependent Utilities Member Class (even if the Members are in different Member Sub-Classes). For other Member Classes, a designated representative or alternate may represent more than one (1) Member in the same Member Sub-Class (or, if a Member Class has no Member Sub-Classes, in the same Member Class).

[ALTERNATIVE GENERAL RULE: A designated representative or alternate may represent more than one (1) Member in the same Member Class (even if the Members are in different Member Sub-Classes).] [Drafting note – the alternative general rule would make “dual representation” permissible for all Member Classes. This could mean that a Member Sub-Class meeting of a particular Member Sub-Class could have someone present (and entitled to be present) who is also representing a completely different

Member Sub-Class within that same Member Class.] The designated representative or alternate shall be allowed to vote separately for each Member for which he or she is the designated representative or alternate. Each Member warrants to the Corporation and to the other Members that its designated representative and alternate have the authority to act on behalf of the Member and are authorized to participate in debate and consider input from others before taking a position or voting on behalf of the Member.

(iii) The allocation of voting power to Member Classes, and where applicable to Member Sub-Classes within each of the Member Classes, shall be as set forth in Section 5.14.3.

5.14.2 Membership Thresholds. If a Member Sub-Class has a number of Members equal to or greater than the thresholds set forth in this Section 5.14.2, then voting power shall be allocated to the Member Sub-Class as set forth in Section 5.14.3. If a Member Class or Member Sub-Class with no threshold has at least one (1) Member, then voting power shall be allocated to the Member Class or Member Sub-Class as set forth in Section 5.14.3. *Ex officio* Members that join pursuant to Section 5.3.2 do not count for threshold determinations. If a Member Sub-Class has zero (0) Members or a number of Members less than the thresholds set forth in this Section 5.14.2, then voting power shall be reduced and reallocated as set forth in Section 5.14.4. If a Member Class or Member Sub-Class with no threshold has zero (0) Members, then voting power shall be reduced and reallocated as set forth in Section 5.14.4.

(i) Major Transmitting Utilities Member Class. There is no threshold for this Member Class.

(ii) Transmission-Dependent Utilities Member Class. There is no threshold for this Member Class or its Member Sub-Classes.

(iii) Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class.

(a) Generators Member Sub-Class: There is no threshold for this Member Sub-Class.

(b) Large Generating End-Use Consumers Member Sub-Class: The threshold for this Member Sub-Class is five (5) Members.

(c) Power Marketers and Others Member Sub-Class: The threshold for this Member Sub-Class is ten (10) Members.

(iv) End-Use Consumers Member Class.

(a) Large Unbundled End-Use Consumers Member Sub-Class: The threshold for this Member Sub-Class is two (2) Members.

(b) Large Bundled End-Use Consumers Member Sub-Class:
The threshold for this Member Sub-Class is one (1) Member.

(c) Consumer Advocates Member Sub-Class: The threshold
for this Member Sub-Class is three (3) Members.

(v) State and Provincial Energy Authority/Tribes/Certain Public
Interest Groups Member Class.

(a) State and Provincial Energy Authority Member Sub-Class:
The threshold for this Member Sub-Class is four (4) Members. *Ex officio*
Members do not count toward achievement of the threshold. Even though the
threshold for the State and Provincial Authority Member Sub-Class is four (4), the
voting power for that Member Sub-Class is five (5) pursuant to Section 5.14.1(i)
if there are five (5) or more voting Members in the Member Sub-Class.

(b) Tribes Member Sub-Class: The threshold for this Member
Sub-Class is one (1) Member.

(c) Certain Public Interest Groups Member Sub-Class: The
threshold for this Member Sub-Class is one (1) Member.

5.14.3 Initial Allocation of Voting Power.

(i) Major Transmitting Utilities: The voting power of the Major
Transmitting Utilities Member Class shall be allocated equally among all of those
Members that are signatories (or the operator of the assets is a signatory) to the Funding
Agreement; provided, however, that the voting power of the Major Transmitting
Utilities Member Class shall be allocated equally among all of those Members (without
regard to signing the Funding Agreement) for the vote conducted pursuant to
Section 12.2.

(ii) Transmission-Dependent Utilities: The voting power of the
Transmission-Dependent Utility Member Class shall be allocated as follows:

(a) ~~Three~~ (3) of the six (6) votes' worth of voting power held
by the Transmission-Dependent Utilities Member Class shall be held by the Large
TDU Member Sub-Class; and

(b) ~~Three~~ (3) of the six (6) votes' worth of voting power held
by the Transmission-Dependent Utilities Member Class shall be held by the Small
TDU Member Sub-Class.

(iii) Generators, Power Marketers, Large Generating End-Use Consumers, and Others: The voting power of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class shall be allocated as follows:

(a) ~~F~~four (4) of the six (6) votes' worth of voting power held by the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class shall be held by the Generators Member Sub-Class~~;~~

(b) ~~O~~ne (1) of the six (6) votes' worth of voting power held by the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class shall be held by the Large Generating End-Use Consumers Member Sub-Class~~;~~ and

(c) ~~O~~ne (1) of the six (6) votes' worth of voting power held by the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class shall be held by the Power Marketers and Others Member Sub-Class, composed of all Members of the Member Class that are not either Generators or Large Generating End-Use Consumers.

(iv) End-Use Consumers: The voting power of the End-Use Consumers Member Class shall be allocated as follows:

(a) ~~T~~wo (2) of the six (6) votes' worth of voting power held by the End-Use Consumers Member Class shall be held by the Members of the Large Unbundled End-Use Consumers Member Sub-Class~~;~~

(b) ~~O~~ne (1) of the six (6) votes' worth of voting power held by the End-Use Consumers Member Class shall be held by the Members of the Large Bundled End-Use Consumers Member Sub-Class~~;~~ and

(c) ~~T~~hree (3) of the six (6) votes' worth of voting power held by the End-Use Consumers Member Class shall be held by the Members of the Consumer Advocates Member Sub-Class.

(v) State and Provincial Energy Authority/Tribes/Certain Public Interest Groups: The voting power of the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class shall be allocated as follows:

(a) ~~O~~ne (1) votes' worth of voting power held by the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class shall be held by the Members of the Tribes Member Sub-Class~~;~~

(b) ~~O~~ne (1) votes' worth of voting power held by the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member

Class shall be held by the Members of the Certain Public Interest Groups Member Sub-Class-; and

(c) the balance of the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class' voting power (either four (4) votes or five (5) votes as determined pursuant to Section 5.14.1(ii)) shall be held by the Members of the State and Provincial Energy Authority Member Sub-Class.

5.14.4 Allocation of Voting Power When Member Class Has Zero Members or When Member Sub-Class Thresholds Are Not Met.

(i) If the Member Class has zero (0) Members, then

(a) the voting power of that Member Class shall be allocated equally to other Member Classes that have at least one (1) Member, and

(b) within each such Member Class the reallocated voting power shall be allocated to each Member Sub-Class in the same ratio as the Member Class' s voting power is allocated between the Member Sub-Classes; provided, however, that such reallocated voting power shall be subject to further reallocation pursuant to Sections 5.14.4(ii) through (vi).

(ii) If a Member Sub-Class has fewer than the threshold number of Members established for that Member Sub-Class in Section 5.14.2, the voting power for that Member Sub-Class set forth in Section 5.14.3 will be reduced in an amount determined according to Section 5.14.4(iii), and the amount of the reduction in voting power will be reallocated according to Section 5.14.4(iv).

(iii) The formula for calculating the voting power reduction of a Member Sub-Class is as follows:

$$V * (1 - (M / T)) = A$$

The numerator "M" is the number of Members in the Member Sub-Class.

The denominator "T" is the threshold for the Member Sub-Class.

The variable "V" is the initial voting power for the Member Sub-Class set forth in Section 5.14.3, as adjusted under Section 5.14.4.(i).

The result “A” is the amount by which the Member Sub-Class’s s voting power is reduced. (Refer to Section 5.14.4(v) Step 2(c) for the formula to calculate the Member Sub-Class’s s revised voting power.)

(iv) Reallocate the reduced voting power calculated in Section 5.14.4(iii) as follows:

(a) [Reserved for possible future use: If the Member Class has two (2) Member Sub-Classes and neither of the Member Sub-Classes meets its threshold, then each such Member Sub-Class will exercise its full voting power; provided, however, that if one (1) of such Member Sub-Classes has zero (0) Members, and the other Member Sub-Class has one (1) or more Members, such other Member Sub-Class will exercise the entire voting power of the Member Class.]

(b) [Reserved for possible future use: If the Member Class has two (2) Member Sub-Classes and only one (1) of the Member Sub-Classes meets its threshold, the Member Sub-Class that meets its threshold will be allocated additional voting power from the Member Sub-Class that did not meet its threshold. The voting power of the Member Sub-Class meeting its threshold is calculated as follows:

$$V + A = V_{\text{revised}}$$

“V” is the initial voting power for the Member Sub-Class as set forth in Section 5.14.3, as adjusted under Section 5.14.4(i).

“A” is the amount of voting power of the Member Sub-Class that did not meet its threshold to be reallocated to the other Member Sub-Class in the Member Class (that was calculated in Section 5.14.4(iii)).

“V_{revised}” is the revised voting power (with the amount reallocated from the Member Sub-Class that failed to meet its threshold added to the original voting power).]

(c) If the Member Class has three (3) Member Sub-Classes and none of the Member Sub-Classes meets its threshold, then (unless (d) or (e) applies) each Member Sub-Class will exercise its full voting power.

(d) If the Member Class has three (3) Member Sub-Classes and two (2) of the Member Sub-Classes have zero (0) Members but the third Member

Sub-Class has one (1) or more Members, the third Member Sub-Class will exercise the entire voting power of the Member Class.

(e) If the Member Class has three (3) Member Sub-Classes and one (1) of the Member Sub-Classes has zero (0) Members, then apply (1), (2), or (3) as follows:

(1) If both of the other Member Sub-Classes meet their threshold, then the voting power of the Member Sub-Class having zero (0) Members will be allocated to the other two (2) Member Sub-Classes as set forth in Section 5.14.4(v); provided, however, that at any time that the Large Generating End-Use Consumers Member Sub-Class or the Power Marketers and Others Member Sub-Class has zero (0) Members, the voting power of the Generators Member Sub-Class shall be increased by the entire amount of voting power initially allocated to the Member Sub-Class with zero (0) Members.

(2) If one (1) of the other Member Sub-Classes meets its threshold, but the other does not, the Member Sub-Class that meets its threshold will exercise the voting power of the Member Class having zero (0) Members and will be allocated the amount by which the Member Sub-Class's voting power is reduced (equal to "A" as calculated in Section 5.14.4(iii)).

(3) If both of the other Member Sub-Classes have Members, but both fail to meet their respective thresholds, those Member Sub-Classes will exercise the full voting power of their respective Member Sub-Class and will be allocated the voting power of the Member Sub-Class having zero (0) Members as set forth in Section 5.14.4(v).

(f) If the Member Class has three (3) Member Sub-Classes and two (2) of the Member Sub-Classes fail to meet their threshold, then "A", the reduced voting power for each of the two (2) Member Sub-Classes (as calculated in Section 5.14.4(iii)), is added to the voting power of the one (1) Member Sub-Class that achieved its threshold.

(g) If the Member Class has three (3) Member Sub-Classes and one (1) of the Member Sub-Classes fails to meet its threshold, then "A", the reduced voting power of the Member Sub-Class that fails to meet its threshold shall be reallocated between the two (2) Member Sub-Classes that meet their respective thresholds as set forth in Section 5.14.4(v); provided, however, that at any time that the Large Generating End-Use Consumers Member Sub-Class or the Power Marketers and Others Member Sub-Class has fewer than the threshold number of Members applicable to such Member Sub-Class, the voting power of the Generators Member Sub-Class shall be increased by an amount equal to any

resulting reduction in voting power of the Large Generating End-Use Consumers Member Sub-Class or the Power Marketers and Others Member Sub-Class (as the case may be).

(v) If a Member Class has three (3) Member Sub-Classes, reallocating the reduced voting power of one (1) of the Member Sub-Classes to the other two (2) Member Sub-Classes occurs as follows:

Step 1: Calculate the ratio of the voting power of the Member Sub-Classes that did not have their voting power reduced as follows:

The formulas for calculating the ratios of Member Sub-Class voting powers are as follows:

First Formula:

$$V_{\text{least}} / (V_{\text{least}} + V_{\text{most}}) = V_{\text{ratio}}$$

“**V_{least}**” is the voting power of the Member Sub-Class with the **least** voting power.

“**V_{most}**” is the voting power of the Member Sub-Class with the **most** voting power.

“**V_{ratio}**” is the ratio of the Member Sub-Class with the **least** voting power (of the two (2) Member Sub-Classes that did not have their voting power reduced) to the combined voting power of the two (2) Member Sub-Classes that did not have their voting power reduced.

Second Formula:

“**1 - V_{ratio}**” is the formula for calculating the ratio of voting power for the Member Sub-Class with the **most** voting power to the combined voting power of the two (2) Member Sub-Classes that did not have their voting power reduced.

Step 2: Reallocate the voting power based upon the ratio of the voting power between the Member Sub-Classes as follows:

(a) The formula for calculating the reallocated voting power for the Member Sub-Class with the **higher** initial voting power is:

$$(A * (1 - V_{\text{ratio}})) + V = V_{\text{revised}}$$

“A” is the amount the Member Sub-Class’s s voting power is reduced as provided in Section 5.14.4(iii).

“1 - V_{ratio}” is the voting power ratio for the Member Sub-Class with the **most** voting power that was calculated above in Step 1.

“V” is the initial voting power for the Member Sub-Class as set forth in Section 5.14.3, [as adjusted under Section 5.14.4.\(i\).](#)

“V_{revised}” is the revised voting power (with the amount reallocated added to the original voting power).

(b) The formula for calculating the reallocated voting power for the Member Sub-Class with the lower initial voting power is:

$$(A * V_{\text{ratio}}) + V = V_{\text{revised}}$$

“A” is the amount the Member Sub-Class’s s voting power is reduced as provided in Section 5.14.4(iii).

“V_{ratio}” is the ratio of the Member Sub-Class with the **least** voting power that was calculated above in Step 1.

“V” is the initial voting power for the Member Sub-Class as set forth in Section 5.14.3, [as adjusted under Section 5.14.4.\(i\).](#)

“V_{revised}” is the revised voting power (with the amount reallocated added to the original voting power).

(c) The formula for calculating the revised voting power for the Member Sub-Class that failed to meet its threshold is:

$$V - A = V_{\text{revised}}$$

“V” is the initial voting power for the Member Sub-Class as set forth in Section 5.14.3, [as adjusted under Section 5.14.4.\(i\).](#)

“A” is the amount the Member Sub-Class’s s voting power is reduced as provided in Section 5.14.4(iii).

“**V_{revised}**” is the revised voting power (with the amount reallocated, subtracted from the original voting power).

- (vi) Exhibit E illustrates the application of Section 5.14.4.

5.14.5 Tabulation of Member Override Votes. This Section 5.14.5 applies to Member votes on resolutions to dissolve the Corporation submitted to the Members under Article XIII.

(i) If four (4) out of five (5) Member Classes vote, each by a margin of at least two-thirds (2/3) of the total voting power held by the Member Class, against a resolution by the Developmental Board of Trustees to dissolve the Corporation submitted to the Members under Article XIII, then the Developmental Board of Trustees’ proposal or resolution shall be overridden and the dissolution shall not proceed.

(ii) The vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with the tabulation of other Member Sub-Class votes within the Member Class to determine the proportion of voting power within the Member Class as a whole that has voted in favor of or against the resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit E.

5.14.6 Tabulation of Member Votes to Approve Bylaws Amendments. This Section 5.14.6 applies to Member votes with respect to proposed amendments of these Developmental Bylaws under Section 7.2.6.

(i) If four (4) out of five (5) Member Classes vote, each by a margin of at least two-thirds (2/3) of the total voting power held by the Member Class, in favor of an amendment to these se Developmental Bylaws proposed by the Developmental Board of Trustees in accordance with Section 7.2.6, then the proposal amendment shall be approved and shall take effect.

(ii) The vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with tabulation of other Member Sub-Class votes within the Member Class to determine the proportion of voting power within Member Class as a whole that has voted in favor of or against the proposal or resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit E.

5.14.7 Tabulation of Member Votes to Elect Members Representative Committee Members. The tabulation of Member votes with respect to electing MRC members shall be as

specified in Section 6.3, and the manner of tabulating Member votes with respect to meetings to remove the MRC members shall be as set forth in the applicable provisions of Section 6.6.

5.14.8 Tabulation of Other Member Votes. Any Member vote other than votes pursuant to Sections 5.14.5 through 5.14.7 and 5.15 (including any Member vote pursuant to Section 12.2) shall pass if a simple majority of the voting power of the Members' votes cast favor the proposal or resolution on which they are voting. The vote by each Member Sub-Class (or Member Class without Member Sub-Classes) shall be tabulated separately and then added together to determine whether the voting power in favor is greater than fifty percent (50%) of the voting power cast. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit E.

5.15 ~~Advisory~~ Member ~~Advisory~~ Votes Conducted by the Board of Trustees. The voting rules applicable to Member advisory votes conducted by the Interim or Developmental Board of Trustees shall be as specified by the Interim or Developmental Board of Trustees with respect to the matter being submitted to an advisory vote. If the Board does not specify special voting rules, the voting rule and tabulation of such ~~advisory~~ Member advisory votes shall be as described in Section 5.14.8.

5.16 Restrictions on Transfer. No Member may transfer or assign its membership in the Corporation, or any right or interest therein, to any other Person, whether voluntarily or by operation of law, and any such attempted transfer or assignment shall be null and void and without any force or effect whatsoever; provided, however, that, notwithstanding the foregoing, a Member may, with the prior consent of the Secretary of the Corporation, transfer or assign its membership in the Corporation, and all (but not less than all) of its rights and interests therein, to any Person (other than another Member or the Affiliate of another Member) that acquires all or substantially all of the assets or stock of, or all or substantially all of the partnership, limited liability company membership, or other ownership interests in, the Member. Notwithstanding any such permitted transfer or assignment, all dispute resolution proceedings and appeals that are in effect or pending as of the date of such transfer or assignment shall be followed to completion by the transferring or assigning Member and by other affected Members pursuant to these Developmental Bylaws.

5.17 Effect of Membership. A Member of the Corporation acquires no proprietary or operational interest whatsoever in facilities used in interstate transmission or wholesale sales of electric energy in interstate commerce solely as a consequence of membership in the Corporation.

ARTICLE VI

MEMBERS REPRESENTATIVE COMMITTEE

6.1 Powers and Rights of Members Representative Committee Members. The Corporation shall have a Members Representative Committee (or “MRC”), which, subject to these Developmental Bylaws and applicable law, shall have the following rights and powers:

6.1.1 Exclusive Members Representative Committee Rights and Powers. The MRC shall have the exclusive right and power to

- (i) nominate and elect members of the Developmental Board of Trustees pursuant to Section 7.2.7~~;~~ and
- (ii) remove any Developmental Board Trustee without cause pursuant to Section 7.3~~;~~ and

6.1.2 Nonexclusive Members Representative Committee Rights and Powers. The MRC shall have the nonexclusive right and power to

- (i) fill vacancies of the Membership Dispute Resolution Committee pursuant to Section 5.4.2~~;~~ and
- (ii) remove any Developmental Board Trustee for cause pursuant to Section 7.3.

6.2 Number of Members Representative Committee Members. There shall be thirty-~~one (31)~~ (30) members of the MRC (unless ~~reduced~~ decreased pursuant to Section 6.3.3(i) or increased to thirty-~~(30)~~ (31) pursuant to Section 6.3.2(v)(a)), elected as specified in Section 6.3. Each Member Class ~~(other than the State and Provincial Energy Authority/ Tribes/Certain Public Interest Groups Member Class)~~, as a whole, shall be entitled to elect six (6) members of the MRC. ~~The (unless decreased pursuant to Section 6.3.3(i) or increased for the State and Provincial Energy Authority/ Tribes/Certain Public Interest Groups Member Class, as pursuant to Section 6.3.2(v)(a) whole, shall be entitled to elect seven (7) members of the MRC)).~~

6.3 Election of Members Representative Committee Members.

6.3.1 Member Rights to Elect Members Representative Committee Members. The members of the MRC shall be elected by the Members to represent their Member Class or Member Sub-Class. In any election of members of the MRC, Members shall vote by Member Class or Member Sub-Class, and each voting Member in each Member Class or Member Sub-Class shall have the same voting rights as every other Member in such Member Class or Member Sub-Class.

6.3.2 ~~Member Class and Member Sub-Class Voting~~ General Rule for Election of Members Representative Committee Members. In the election of members of the MRC, the voting rights of the Members shall be as ~~follows~~set forth in Sections 6.3.2(i) through 6.3.2(v) for a Member Class or Member Sub-Class with no threshold and at least one (1) Member and a Member Class with thresholds in which each Member Sub-Class has at least the threshold number of Members specified for each Member Sub-Class in Section 5.14.2. If a Member Class or Member Sub-Class has no threshold and zero (0) Members or a Member Class has one (1) or more Member Sub-Classes with thresholds and fewer than the applicable threshold number of Members, then the voting rights shall be as set forth in Section 6.3.3~~;~~.

(i) Major Transmitting Utilities Member Class. Six (6) members of the MRC shall be representatives of, and shall be elected by, the Members of the Major Transmitting Utilities ~~iesy~~ Member Class that are entitled to vote under Section 5.14.3(i). The slate of nominees for election as MRC members representing the Major Transmitting Utilities Member Class may include a maximum of one (1) representative of each Member unless there are fewer such Members than vacancies.

(ii) Transmission-Dependent Utilities Member Class. In the election of members of the MRC, the voting rights of the Members in the Transmission-Dependent Utilities Member Class shall be as follows:

(a) ~~T~~three (3) members of the MRC shall be representatives of, and shall be elected by, the Members in the Transmission-Dependent Utilities Member Class that are Large TDUs, and such Large TDUs shall be entitled to nominate and vote in the election of such three (3) members of the MRC; Members that are Large TDUs may cast their votes cumulatively when voting in an election of members of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC; and

(b) ~~T~~three (3) members of the MRC shall be representatives of, and shall be elected by, the Members in the Transmission-Dependent Utilities Member Class that are Small TDUs, and such Small TDUs shall be entitled to nominate and vote in the election of such three (3) members of the MRC; Members that are Small TDUs may cast their votes cumulatively when voting in an election of members of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC.

(iii) Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class. In the election of members of the MRC, the voting rights of the Members in the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class shall be as follows:

(a) ~~F~~four (4) members of the MRC shall be representatives of, and shall be elected by, the Members of the Generators Member Sub-Class of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others

Member Class, and such Members shall be entitled to nominate and vote in the election of ~~each of~~ such four (4) members of the MRC, but shall not (except as provided in Section 6.3.3(i~~vi~~)) be entitled to nominate or vote in the election of any other members of the MRC;

(b) ~~One~~ (1) member of the MRC shall be a representative of, and shall be elected by, the Members of the Large Generating End-Use Consumers Member Sub-Class of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class, and such Members shall be entitled to nominate and vote in the election of such member of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC; and

(c) ~~One~~ (1) member of the MRC shall be a representative of, and shall be elected by, the Members of the Power Marketers and Others Member Sub-Class of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class, and such Members shall be entitled to nominate and vote in the election of such member of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC.

(iv) End-Use Consumers Member Class. In the election of members of the MRC, the voting rights of the Members of the End-Use Consumers Member Class shall be as follows:

(a) ~~Two~~ (2) members of the MRC shall be representatives of, and shall be elected by, Large Unbundled End-Use Consumers. Members that are Large Unbundled End-Use Consumers shall be entitled to nominate and vote in the election of such members of the MRC in accordance with the foregoing rights, but shall not be entitled to nominate or vote in the election of any other members of the MRC~~;~~

(b) ~~One~~ (1) member of the MRC shall be the representative of, and shall be elected by, Large Bundled End-Use Consumers. Members that are Large Bundled End-Use Consumers shall be entitled to nominate and vote in the election of such members of the MRC in accordance with the foregoing rights, but shall not be entitled to nominate or vote in the election of any other members of the MRC~~;~~ and

(c) ~~Three~~ (3) members of the MRC shall be representatives of, and shall be elected by, Consumer Advocates. Members that are Consumer Advocates shall be entitled to nominate and vote in the election of such members of the MRC in accordance with the foregoing rights, but shall not be entitled to nominate or vote in the election of any other members of the MRC.

(v) State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class. In the election of members of the MRC, the voting rights of the Members of the State and Provincial Energy Authority/Tribes/Certain Public Interest Groups Member Class shall be as follows; provided, however, that *ex officio* Members of the State and Provincial Energy Authority Member Sub-Class may neither vote nor serve as representatives to the MRC:

(a) ~~Four~~ (4) members of the MRC shall be representatives of, and shall be elected by, State and Provincial Energy Authorities; provided, however, if the State and Provincial Authority Member Sub-Class has five (5) or more Members, it shall elect five (5) members of the MRC. Members that are State or Provincial Energy Authorities shall be entitled to nominate and vote in the election of ~~each of~~ such members of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC~~;~~

(b) ~~One~~ (1) member of the MRC shall be the representative of, and shall be elected by, Tribes. Members that are Tribes shall be entitled to nominate and vote in the election of such member of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC~~;~~ and

(c) ~~One~~ (1) member of the MRC shall be the representative of, and shall be elected by, Certain Public Interest Groups. Members that are Certain Public Interest Groups shall be entitled to nominate and vote in the election of such member of the MRC, but shall not be entitled to nominate or vote in the election of any other members of the MRC.

6.3.3 ~~Potential Reduction~~Special Rules for Election of Member Voting Rights
Related to Members Representative Committee ElectionsMembers when Thresholds Not Met or
Zero Members. If a Member Class or Member Sub-Class has no threshold and zero (0) Members or a Member Class has one (1) or more Member Sub-Classes with thresholds and fewer than the applicable threshold number of Members (as specified in Section 5.14.2), then the voting rights shall be as set forth in this Section 6.3.3.

(i) If a Member Class has zero (0) Members (whether or not there is a threshold for that Member Class), then the Member Class shall not be entitled to elect any MRC members and the total number of members of the MRC shall be reduced by six (6) for every Member Class that has zero (0) Members.

(ii) If a Member Sub-Class has no threshold and zero (0) Members, then the Member Sub-Class shall not be entitled to elect any MRC members.

(iii) If A-a Member Sub-Class has a threshold that and does not meet the-that threshold-for the number of Members for, then the Member Sub-Class shall elect a number of representatives to the MRC according to the following formula:

$$\left(\frac{\mathbf{M}}{\mathbf{T}}\right) * \mathbf{R} = \mathbf{R}_{\text{revised}}$$

The numerator “**M**” is the number of Members in the Member Sub-Class.

The denominator “**T**” is the threshold for the Member Sub-Class; ~~provided, however, that if a Member Sub-Class has no threshold, then T=1.~~

The variable “**R**” is the number of MRC representatives assigned to the Member Sub-Class in Section 6.3.2.

The result “**R_{revised}**” is rounded to the next highest whole number if the first digit following the decimal is five (5) or greater, or rounded to the next lower whole number (including zero (0)) if the first digit following the decimal is less than five (5) and represents the number of MRC representatives the Member Sub-Class may elect.

By way of illustration, if a Member Sub-Class is entitled to elect five (5) MRC ~~MRC Members-representatives~~ upon meeting its threshold of five (5) Members, but there are only four (4) Members in the Member Sub-Class, then the Member Sub-Class elects four (4) MRC representatives, as shown by the following calculation:

$$\left(\frac{4}{5}\right) * 5 = 4$$

By way of further illustration, if a Member Sub-Class has no Members, it will have no MRC representative elected only to represent the interest of that Member Sub-Class, as shown by the following calculation:

$$\left(\frac{0}{5}\right) * 5 = 0$$

~~(ii) — If a Member Class has zero (0) Members (whether or not there is a threshold for that Member Class), then the Member Class shall not be entitled to elect any MRC members and the total number of members of the MRC shall be reduced accordingly.~~

~~(iii) — If the number of MRC representatives elected by all the Member Sub Classes in a Member Class is less than six (6) as a result of the reallocation of MRC representatives described in Section 6.3.3(i), the Member Class as a whole shall elect a sufficient number of additional MRC representatives to bring that Member Class’s total~~

~~number of MRC representatives to six (6); provided, however, that if the number of MRC representatives elected by all the Member Sub Classes in the Generators, Power Marketers, Large Generating End Use Consumers, and Others Member Class is less than six (6) as a result of the reallocation of MRC representatives described in Section 6.3.3(i), then, at any time that the number of Members of the Generators Member Sub Class is greater than or equal to the threshold number for such Member Sub Class, the Generators Member Sub Class alone shall elect a sufficient number of additional MRC representatives to bring the total number of MRC representatives of the Generators, Power Marketers, Large Generating End Use Consumers, and Others Member Class to six (6).~~

(iv) If, by operation of Section 6.3.3(ii) or Section 6.3.3(iii), a Member Sub-Class has elected fewer than the maximum number of MRC representatives that it would otherwise have been entitled to elect in accordance with Section 6.3.2, then the Member Class as a whole shall elect the remaining MRC representatives necessary to reach the number of MRC representatives provided for that Member Class in Section 6.2, provided, however, that if the affected Member Class is the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class, then, at any time that the number of Members of the Generators Member Sub-Class is greater than or equal to one, the Generators Member Sub-Class alone shall elect a sufficient number of additional MRC representatives to bring the total number of MRC representatives of the Generators, Power Marketers, Large Generating End-Use Consumers, and Others Member Class to six (6).

6.3.4 Notice of Members Representative Committee Election Meetings. Notice of any meeting for the election of one (1) or more MRC members shall be sent (to those Members eligible to vote in that election of MRC members) not less than thirty (30) and not more than fifty (50) days prior to the date of the meeting, in accordance with the provisions of Section 5.10. The meeting of the Members to conduct the first election of members of the MRC may not be held until the Funding Agreement has been executed, as required by Section 7.1.13(iii)(c). Any Member in any Member Class wishing to nominate any individual for consideration in any such election shall be required to submit the name of such nominee (along with a statement of qualifications, not exceeding two (2) pages in length in any instance, for each nominee) to the Secretary of the Corporation within ten (10) days of the meeting notice date. The Secretary of the Corporation shall, immediately after expiration of such nomination deadline, notify the Members eligible to vote for a given nominee of the names of the nominees for members of the MRC and distribute to each such Member a copy of the statement of qualifications of each such nominee.

6.3.5 Vote to Elect Members Representative Committee Members. The members of the MRC shall be elected by the affirmative vote, by Member Class (or Member Sub-Class, as the case may be), of the Members present and entitled to vote in the applicable Member Class (or Member Sub-Class, as the case may be) at a duly held meeting of such Members. Subject to Section 6.3.2, in any election of members of the MRC,÷

(i) each Member in each Member Class (or Member Sub-Class, as the case may be) shall be entitled to a number of votes equal to the number of MRC vacancies to be filled by such Member's Member Class (or Member Sub-Class, as the case may be) in such election;

(ii) each Member in each Member Class (or Member Sub-Class, as the case may be) shall be entitled to vote for any nominee for election as a representative of such Member Class (or Member Sub-Class, as the case may be) on the MRC; and

(iii) no Member may cast more than one (1) vote for any given nominee (except as otherwise provided with respect to the Transmission-Dependent Utilities Member Class in Section 6.3.2(ii)).

The nominees of each Member Class or Member Sub-Class shall be ranked according to the number of votes received by each, and the number of nominees who receive the largest number of votes in such Member Class or Member Sub-Class, up to the number of nominees as is equal to the number of MRC vacancies to be filled by such Member Class or Member Sub-Class, as the case may be, in such election, shall be elected to fill such MRC vacancies. If one (1) or more MRC vacancies cannot be filled because two (2) or more nominees receive the same number of votes, a runoff election shall be held among the tied nominees for each such vacancy. In such runoff election, each Member in the Member Class or Member Sub-Class may cast one (1) vote for one (1) of the tied nominees for each such vacancy. The nominee who receives the largest number of votes shall be elected to fill such MRC vacancy. Immediately following any election of MRC members, the Secretary of the Corporation shall provide official notice of the results of such election to the Members.

6.4 Procedures in Election of Members Representative Committee Members.

6.4.1 Election of First Full Members Representative Committee. The members of the first full MRC shall be elected in accordance with the provisions of Section 6.3, as appropriate.

6.4.2 Member Participation in Members Representative Committee Nominations and Elections. The Interim and Developmental Boards of Trustees shall develop such procedures, as they deem reasonable and necessary to ensure that the Members in each Member Class are aware of their right to participate in the nomination and election of MRC members. Unless otherwise specified herein, the Secretary of the Corporation shall determine the appropriate mechanisms and election procedures for elections of MRC members, based on

time constraints and other relevant factors. Elections may be held by written ballot at a meeting, votes cast at a meeting, or such other procedures as the Secretary of the Corporation designates.

6.5 Term of Office of Members Representative Committee Members. The term of office for MRC members shall extend only until either the MRC is elected under the Operational Bylaws or the Corporation is dissolved, whichever comes first.

6.6 Resignation or Removal of Members Representative Committee Members; Vacancies. A resignation of an MRC member shall be effective upon receipt of written notice by the chairperson of the MRC, or the President or the Secretary of the Corporation, unless the notice specifies a later time of effectiveness. A Member Class or Member Sub-Class may remove any MRC member whom it has elected at any time, with or without cause, by the affirmative vote of a majority of the Members present and entitled to vote in such Member Class (or Member Sub-Class, as the case may be) at a duly held meeting of the Members of such Member Class (or Member Sub-Class, as the case may be). The MRC may remove any MRC member at any time, but only for cause, if at least twenty (20) of the MRC members vote in favor of such removal, at least four (4) of whom must be representatives of the same Member Class as the MRC member who is the subject of the removal vote. If a vacancy occurs, the Members entitled under these Developmental Bylaws to elect such MRC member shall fill the vacancy in accordance with the provisions of Section 6.3 at a duly held meeting called in accordance with Section 5.10; provided, however, that a meeting of only the Member Class or Member Sub-Class is required for any election or removal in which only a Member Class or Member Sub-Class is entitled to vote. A MRC member so elected shall serve for the unexpired term of his or her predecessor. For purposes of this Section 6.6, “for cause” shall include, without limitation, a failure on the part of any MRC member, in any fiscal year, to attend more than one-half (1/2) of the meetings of the MRC held during such year.

6.7 Meetings of the Members Representative Committee.

6.7.1 First Members Representative Committee Meeting. The MRC shall meet on the date established by the Interim Board for the MRC’s first meeting pursuant to Section 7.1.13(iii)(b). At the first meeting of the MRC, the MRC shall elect officers, including a chairperson of the MRC to preside over meetings.

6.7.2 Regular and Special Members Representative Committee Meetings. Regularly scheduled or special meetings shall be held at such times as shall from time to time be fixed by the chairperson of the MRC. Special meetings of the MRC for any purpose or purposes permitted by these Developmental Bylaws may be called at any time by the chairperson of the MRC or by any ten (10) MRC members.

6.7.3 Permitted Means of Members Representative Committee Meeting Participation. Members of the MRC may participate in a meeting through the use of conference telephone, electronic video screen communication, or similar communications equipment, so long as all MRC members participating in such meeting can hear one another at the same time.

Participation in a meeting pursuant to this Section 6.7.3 shall constitute presence in person at such meeting.

6.7.4 Members Representative Committee Action by Consent in Writing. The MRC may, subject to any applicable law, take any action without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Committee members then in office.

6.7.5 Members Representative Committee Meeting Minutes. The Secretary of the Corporation shall maintain minutes of each meeting of the MRC or subcommittee thereof, and each written consent of the MRC or any subcommittee thereof.

6.8 Notice of Members Representative Committee Meetings. Notice of regularly scheduled and special meetings shall be given to the MRC members not less than fifteen (15) days prior to the meeting if delivered by first-class mail or not less than ten (10) days prior to the meeting if the notice is delivered personally, by telephone, by facsimile, or by electronic mail; provided, however, that notice of special meetings shall not be sent by electronic mail.

6.9 Closed Meetings of Members Representative Committee. In the interests of facilitating participation by the broadest and most diverse array of qualified candidates in the Trustees selection process and to protect the confidentiality of information relating to actual or potential candidates for election to the Developmental Board of Trustees, meetings of the MRC shall, except as otherwise determined by the MRC, be closed.

6.10 Waivers of Members Representative Committee Meeting Notice. The notice requirements contained in these Developmental Bylaws may be waived in writing by any MRC member with respect to himself or herself, either before or after the meeting. The attendance by any MRC member at a meeting shall constitute a waiver of notice of such meeting except where such MRC member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. All waivers shall be made part of the minutes of the meetings.

6.11 Quorum of Members Representative Committee Members. A quorum for any meeting of the MRC shall be a majority of the MRC members then in office. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of MRC members, if any action taken is approved by the required number of MRC members, as specified in these Developmental Bylaws. A majority of the MRC members then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

6.12 Voting of Members Representative Committee Members. The affirmative vote of a majority of the MRC members then in office shall be the act of the MRC. Each voting MRC member shall have one (1) vote. MRC members may not vote by proxy, and shall not be required to vote by class. When voting on matters coming before the MRC, each MRC member shall take into consideration the interests of the Member Class, the interests of the Members that

appointed or elected the representatives, [and](#) the purposes of the Corporation as set forth in Article III and thereafter make a decision that each MRC member believes in his or her discretion is appropriate. In addition, when selecting individuals for the Board of Trustees, each MRC member shall endeavor to select individuals who, in the judgment of each such MRC member, best satisfy the criteria set forth in Section 7.1.13(ii).

6.13 Subcommittees of Members Representative Committee. The MRC may designate one (1) or more subcommittees to assist the MRC in carrying out its functions under these Developmental Bylaws, each consisting of seven (7) or more MRC members, to serve at the pleasure of the MRC. Appointments to such subcommittees shall be made annually by a two-thirds (2/3) vote of the MRC members then in office. Each subcommittee shall have such authority of the MRC as is delegated by resolution of the MRC, except that no subcommittee, regardless of the MRC resolution, may elect, appoint, or remove any member of such subcommittee, any member of the MRC, or any Trustee.

ARTICLE VII

BOARD OF TRUSTEES

7.1 Interim Board of Trustees.

7.1.1 Purposes and Authorities; Mandatory Reorganization. The Interim Board of Trustees shall administer the transition of the Corporation from a non-membership corporation to a member corporation, in accordance with the membership application procedures set forth below. The Interim Board shall have the authority to

- (i) borrow funds and establish and exercise lines of credit, limited to the funding available through the funding agreement in effect as of the date of the adoption of these Developmental Bylaws;
- (ii) hire and contract for personnel to perform tasks, studies, and activities consistent with the Developmental Stage purposes set forth in Article III, including, without limitation, continuing the development of the Seams Steering Group-Western Interconnection and its efforts relating to inter-regional planning, coordination, and market monitoring within the Western Interconnection; and
- (iii) to reorganize as a non-membership, nonprofit corporation controlled by the Interim Board of Trustees:
 - (a) if the Developmental Board has not been seated within eight (8) months from the date of the adoption of the [se](#) Developmental Bylaws, or
 - (b) within sixty (60) days after any decision by the Bonneville Power Administration not to execute the Funding Agreement.

7.1.2 Interim Board of Trustees Members. The Interim Board of Trustees is composed of Frank Afranji, H. Charles Durick, Allen Burns, John Carr, Randall O. Cloward, Kimberly Harris, Yakout Mansour, Paul Schmidt, and Ted D. Williams. The Interim Board of Trustees may expand its membership to include a representative of any Major Transmitting Utility Member that is not represented by one of the foregoing Interim Board members. An Interim Board Trustee is a representative of a Major Transmitting Utility if the Interim Board Trustee is an employee, officer, or agent of the Major Transmitting Utility or of an independent operator of the Major Transmitting Utility's transmission facilities.

7.1.3 Interim Board Term. The Interim Board of Trustees shall serve until the Developmental Board of Trustees is elected in accordance with the provisions of Section 7.2.7, or until the Corporation is dissolved, whichever occurs first.

7.1.4 Vacancies. Vacancies on the Interim Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Interim Board Trustees.

7.1.5 Compensation of Interim Board Trustees. Members of the Interim Board of Trustees shall not receive compensation from the Corporation whether as a Trustee or an officer. While serving as a Trustee, an Interim Board Trustee shall not be an employee of the Corporation or a consultant to the Corporation.

7.1.6 Prohibition Against Gifts and Loans to Interim Board Trustees. The Corporation shall not make any gift or loan of money or property to or guarantee the obligation of any Interim Board Trustee or Related Person of an Interim Board Trustee.

7.1.7 Interim Board of Trustees Conduct Rules. The ~~Trustees~~ conduct rules for the Interim Board of Trustees are attached to these Developmental Bylaws as Exhibit B1.

7.1.8 Notice of Meetings of the Interim Board of Trustees. Notice of meetings of the Interim Board of Trustees shall be given to the Interim Board Trustees not less than ten (10) days prior to the meeting if delivered by first-class mail or not less than five (5) days prior to the meeting if the notice is delivered personally, by telephone, by facsimile, or by electronic mail.

7.1.9 Waivers of Interim Board Meeting Notice. The notice requirements contained in Section 7.1.8 may be waived in writing by any Interim Board Trustee with respect to himself or herself, either before or after the meeting. The attendance by any Interim Board Trustee at a meeting shall constitute a waiver of notice of such meeting except when such Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. All waivers shall be made part of the minutes of the meetings.

7.1.10 Attendance at Meetings. Interim Board Trustees may participate in an Interim Board of Trustees meeting through the use of conference telephone, electronic video screen communication, or similar communications equipment, so long as all Trustees

participating in the meeting can hear one another at the same time. Participation in a meeting pursuant to this Section 7.10.10 shall constitute presence in person at the meeting.

7.1.11 Quorum of Interim Board Trustees. A majority of the Interim Board Trustees then in office shall constitute a quorum. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Trustees if any action taken is approved by the required number of Trustees as specified in these Developmental Bylaws. A majority of the Trustees then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

7.1.12 Voting of Interim Board Trustees. The affirmative vote of a majority of the Interim Board Trustees then in office shall be the act of the Interim Board of Trustees. Each Interim Board Trustee shall have one vote. Trustees may not vote by proxy. The Interim Board of Trustees may, subject to any applicable law, take any action without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Trustees then in office.

7.1.13 Establishment of Developmental Board.

(i) For purposes of identifying suitable nominees for election to the Developmental Board of Trustees, the Interim Board of Trustees shall select and retain one (1) of the following executive search firms to identify qualified Developmental Board candidates satisfying the requirements of these Developmental Bylaws:

(a) Heidrick & Struggles International;

(b) Korn/Ferry International;

(c) Russell Reynolds Associates; or

(d) any successor or any other executive search firm that possesses broad and long-standing experience in searches for members of the boards of directors or trustees of entities across a broad range of industries.

(ii) Prior to election of the Developmental Board of Trustees, the executive search firm selected by the Interim Board shall develop a slate of qualified candidates. The Interim Board of Trustees, in consultation with the MRC, may direct the firm to provide a specific number of candidates, with the minimum to be equal to the number of vacancies plus one (1) and the maximum to be twice the number of vacancies to be filled in such election. The slate of qualified candidates should include individuals possessing, collectively, knowledge of the operational characteristics of the Pacific Northwest power system and executive management experience or board experience with electric utilities and personal abilities and qualities, such as integrity and leadership, problem-solving, facilitation, and consensus-building. The search firm shall also endeavor to include individuals with relevant experience in commodities markets (including commodities trading risk management), electric bulk power transmission in

the Western Interconnection, utilities law, finance, economics, accounting, information technology, engineering, regulation, and public policy, and to achieve racial, ethnic, age, and gender diversity. In screening potential candidates the executive search firm shall be instructed to exclude any candidate likely to have a conflict of interest with the duties of a Trustee. The executive search firm shall also be instructed to obtain appropriate disclosures by candidates (covering themselves and Related Persons to such candidates) regarding financial interests in or other potential conflicts of interest with Market Participants, Members, and major contractors of the Corporation. Such disclosures shall also include any such financial interests or other potential conflicts of interest known by the candidates with respect to other family relations of the candidates. The disclosures of qualified candidates shall be made available on a confidential basis to the MRC upon its election.

(iii) Immediately upon a determination by the Interim Board that the Funding Agreement has been fully executed to fund the period from the election of the Developmental Board of Trustees through the remainder of the Developmental Stage, the Interim Board shall

- MRC₂;
- (a) establish a Members² meeting date for the election of the
 - (b) establish a date for the first meeting of the MRC₂ and
 - (c) provide notice of such elections and dates to the Members, the Regional Representatives Group members, Participating Jurisdictions, and to each person on mailing lists provided to the Interim Board by utilities, independent generators, power marketers, large end-users and consumer advocates, tribes, and public interest organizations, ~~and~~ that are either located in or engage in energy transactions in the Geographic Area. The meeting date for the election of the MRC shall be no earlier than thirty (30) days after the Funding Agreement has been executed and the notices are sent. The date for the election of the Developmental Board of Trustees shall be no later than forty-five (45) days after the election of the MRC.

(iv) At its first meeting, the MRC shall review candidates and shall nominate for election as Trustees at least five (5) candidates whom the MRC determines satisfy the requirements of these Developmental Bylaws for nominees to the Developmental Board. If the MRC determines that one or more nominees should run unopposed for election as a Trustee, the MRC may nominate such candidate(s) by an affirmative vote of no less than twenty (20) members.

(v) The notice required by Section 7.1.13(iii)(c) shall also invite applications for membership in order to become a Member eligible to participate in voting for the MRC. The notice shall provide a description of the Member Classes, the requirements for membership, the membership application procedure, and the deadline

for membership determinations and the dispute resolution process described in Sections 5.4.6 and 5.6, respectively.

7.1.14 Interim Board of Trustees Amendment of Developmental Bylaws. The Interim Board of Trustees may not amend any provision of these Developmental Bylaws; provided, however, that after eight (8) months from the date of adoption of these se Developmental Bylaws, if the Developmental Board has not been seated, the Interim Board of Trustees may amend the Bylaws to reorganize as a non-membership, nonprofit corporation controlled by the Interim Board of Trustees.

7.2 Developmental Board of Trustees.

7.2.1 Powers of the Developmental Board of Trustees. Subject to any limitation set forth in these Developmental Bylaws and the Corporation's Articles of Incorporation, the Developmental Board shall be responsible for, and shall have the right to exercise (or direct the exercise of) all powers and authorities with respect to, the business and affairs of the Corporation, and shall carry out the purposes of the Corporation as stated in Article III during its Developmental Stage.

7.2.2 Specific Authorities. Without in any way limiting the provisions of Section 7.2.1, during the Developmental Stage, the Developmental Board of Trustees shall have the authority to

(i) borrow funds and establish and exercise lines of credit, subject to the limit on borrowing authority set forth in Section 3.2(v);

(ii) hire and contract for personnel to perform tasks, studies, and activities consistent with the Developmental Stage purposes set forth in Article III as the Developmental Board of Trustees determines are appropriate to prepare for the Operational Stage, including, without limitation, continuing the development of the Seams Steering Group-Western Interconnection and its efforts relating to inter-regional planning, coordination, and market monitoring within the Western Interconnection;

(iii) take further action as the Board determines appropriate to prepare the Corporation for the possible transition to the Operational Stage, including, by way of illustration,

(a) securing funding to support the Corporation's work during the interim after the adoption of the aArticles of incorporation for the Operational Stage and the Operational Bylaws and the time when revenues for services rendered in the Operational Stage are collected, and

(b) preparing for and applying for tax-exempt status under state or federal law; and

(iv) engage in all other transactions necessary and useful in carrying out the Developmental Stage purposes set forth in Article III; provided, however, that all such tasks, studies, and activities shall be performed within the budget and borrowing limits of the Corporation.

7.2.3 Developmental Board Members. There shall be five (5) members of the Developmental Board of Trustees.

7.2.4 Developmental Board Term. Each Developmental Board Trustee's term of office shall extend only until either an Operational Board of Trustees is elected pursuant to the Operational Bylaws or the Corporation is dissolved, whichever comes first.

7.2.5 Adoption of Operational Bylaws. Subject to Section 12.2.3, if the Corporation, the Bonneville Power Administration, and at least two (2) investor-owned utilities with transmission systems contiguous with the Bonneville Power Administration's system execute Transmission Agreements within the time period specified in Section 13.2, then the Developmental Board of Trustees shall adopt the Operational Bylaws.

7.2.6 Amendment of Developmental Bylaws. The Developmental Board of Trustees may amend these Developmental Bylaws only by the affirmative vote of at least two-thirds (2/3) of the Trustees then in office and an affirmative vote of the Members, with the votes tabulated as provided in Section 5.14.65; provided, however, that adoption of the Operational Bylaws pursuant to Section 7.2.5 shall not be considered an amendment of these Developmental Bylaws; and provided, further, that any provisions of Sections 5.14 and 6.3.2 relating to the qualifications and voting rights of Members of any Member Class or Member Sub-Class may be amended only by the affirmative vote of a majority of the Members present and entitled to vote in such Member Class or Member Sub-Class at a duly held meeting of the Members in such Member Class or Member Sub-Class. All Members must receive at least thirty- (30-) days' notice of any vote on any proposed amendment of any of such provision.

7.2.7 Election of Developmental Board of Trustees.

(i) The members of the Developmental Board of Trustees shall be elected by the members of the MRC, in accordance with the provisions of this Article VII.

(ii) The members of the Developmental Board of Trustees, including nominees designated by the MRC to run unopposed, shall be elected by the affirmative vote of not less-fewer than twenty (20) members of the MRC unless there is a need for runoff elections as specified in Section 7.2.7(iii)-below. In any election of Trustees, each member of the MRC shall be entitled

(a) to a number of votes equal to the number of vacancies to be filled in the election; and

- (b) to vote for any nominee for Trustee.

Each MRC member shall be required to vote for as many nominees as there are vacancies to be filled in the election; provided, however, that no member of the MRC

- (1) may cast more than one (1) vote for any given nominee;
- (2) may vote for any number of nominees in excess of the number of Board vacancies to be filled in such election, or
- (3) is required to vote for an unopposed nominee for whom the Member did not vote affirmatively to nominate.

Except with respect to the vote on a nominee designated to run unopposed by a Member that did not support the nomination, if any member of the MRC fails, in any election of Trustees, to cast each and all of the votes that such MRC member is entitled to cast, each vote that such MRC member has failed to cast shall be allocated at random, one by one, to another MRC member and cast by such MRC member in favor of a nominee of such member's choice for Trustee in such election. Except as permitted in connection with runoff elections as specified in Section 7.2.74(iii) below, the Trustees-elect shall comprise only those nominees receiving the highest vote (but not in any event less-fewer than twenty (20) votes) of the MRC members, up to such number of nominees as is equal to the number of Board vacancies to be filled in such election. If a vacancy cannot be filled because two (2) or more nominees receiving at least twenty (20) votes receive the same number of votes, a runoff election shall be held among such nominees and shall be repeated until the tie is broken. At any time during the identification of candidates for nomination or during the process of electing Trustees, the MRC may request that the executive search firm undertake a further search for additional candidates for any vacant position(s).

(iii) (a) If fewer than the requisite number of nominees receive twenty (20) or more votes in an election of Trustees, a first-round runoff election shall be held among the nominees receiving less-fewer than twenty (20) votes. The minimum number of MRC votes required to elect a Trustee in a first-round runoff election shall be twenty (20). The number of nominees for which the MRC may vote in a first-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who received receive twenty (20) or more votes in the initial MRC vote. The number of nominees standing for election in a first-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from the first-round runoff election those nominees who receive the fewest votes in the initial MRC vote.

(b) If fewer than the requisite number of nominees receive twenty (20) or more votes in the first-round runoff election, a second-round runoff election shall be held among the nominees receiving ~~less~~ fewer than twenty (20) votes. The minimum number of MRC votes required to elect a Trustee in a second-round runoff election shall be twenty (20). The number of nominees for which the MRC may vote in a second-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who receive twenty (20) or more votes in the first-round runoff elections. The number of nominees standing for election in a second-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from further consideration those nominees who received the fewest votes in the first-round runoff election.

(c) If fewer than the requisite number of nominees receive twenty (20) or more votes in the second-round runoff election, there shall be a third-round runoff election to fill any remaining vacancies, and the minimum number of MRC votes required to elect a Trustee in a third-round runoff election shall be sixteen (16). The number of nominees for which the MRC may vote in a third-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who received receive twenty (20) or more votes in the second-round runoff elections. The number of nominees standing for election in a third-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from the third-round runoff election those nominees who receive the fewest votes in the second-round runoff election. If there are any vacancies remaining to be filled after a third-round runoff election, those vacancies shall be filled by the nominees who received the greatest number of votes in the third-round runoff election. The MRC chairperson shall draw lots to break any ties as necessary to carry out the provisions of Section 7.2.7 and its subsections.

(iv) Immediately upon completion of the election of Trustees, the Secretary of the Corporation shall provide official notice of the results of such election to the members of the MRC and the Members. Unless otherwise specified herein, the MRC shall determine the appropriate mechanisms and election procedures for elections of Trustees, based on time constraints and other relevant factors. Elections may be held by written ballot at a meeting, votes cast at a meeting, or such other procedures as the MRC designates.

7.3 Resignation or Removal of Developmental Board Trustees; Vacancies. A Trustee may resign from the Developmental Board of Trustees by providing written notice to the chairperson of the Board of Trustees or the President or the Secretary of the Corporation. A

resignation of a Developmental Board Trustee shall be effective upon election of the resigning Trustee's replacement, unless the notice or the Developmental Board specifies an earlier time of effectiveness. The members of the MRC may remove any Developmental Board Trustee at any time, with or without cause, by the affirmative vote of not less than twenty (20) of the members of the MRC present at a duly held meeting of the MRC. The Developmental Board of Trustees may remove any Developmental Board Trustee at any time, but only for cause, if at least two-thirds (2/3) of the Developmental Board Trustees then in office vote in favor of such removal. If a vacancy occurs, the members of the MRC shall elect a replacement Developmental Board Trustee to fill the vacancy in accordance with the provisions of Section 7.2.7. A Developmental Board Trustee so elected shall serve for the unexpired term of his or her predecessor. For purposes of this Section 7.3, "for cause" shall include, without limitation, a Developmental Board Trustee's willful misconduct or conviction of a felony, violation by a Developmental Board Trustee of the conflict-of-interest or disqualification provisions of these Developmental Bylaws, or a failure on the part of a Developmental Board Trustee, in any fiscal year, to attend more than one-half (1/2) of the meetings of the Developmental Board of Trustees held during such year.

7.4 Meetings of the Developmental Board of Trustees.

7.4.1 Quorum of Developmental Board of Trustees. A meeting is a gathering (in person or otherwise as permitted in this Article VII) of at least a quorum of Developmental Board Trustees as set forth in Section 7.8 ~~below~~; provided, however, that the presence of a number of Developmental Board Trustees constituting a quorum in one place or at one event does not constitute a meeting if there is no deliberation or action taken regarding the Corporation's business. A quorum of Developmental Board Trustees may not take action (except by written consent as provided below) or deliberate regarding the Corporation's business except at a meeting and in compliance with procedural rules in this Article VII.

7.4.2 Scheduled Meetings of Developmental Board of Trustees. The Developmental Board of Trustees shall meet at least six (6) times each fiscal year at such dates, times, and places within the Geographic Area as the Developmental Board of Trustees shall determine; provided, however, that the Developmental Board of Trustees shall have its first meeting within thirty (30) days following its election. At the first meeting in the first quarter of each fiscal year, the Developmental Board of Trustees shall elect officers, ~~including and elect~~ a chairperson of the Developmental Board to preside over meetings. The regularly scheduled meetings of the Developmental Board of Trustees shall be established for each fiscal year in advance.

7.4.3 Regular and Special Meetings of the Developmental Board of Trustees. In addition to the regular meetings of the Developmental Board of Trustees, additional regularly scheduled or special meetings shall be held at such times as shall from time to time be fixed by the chairperson of the Developmental Board of Trustees. Special meetings of the Developmental Board of Trustees for any purpose or purposes may be called at any time by the President of the Corporation or by any two (2) Developmental Board Trustees.

7.4.4 Permitted Means of Trustee Meeting Participation. Developmental Board Trustees may participate in a meeting through the use of conference telephone, electronic video screen communication, or similar communications equipment, so long as all Trustees participating in such meeting can hear one another at the same time and arrangements are made to afford the public an opportunity to attend and observe any such meeting (with the exception of closed sessions held pursuant to Section 7.6). Participation in a meeting pursuant to this Section 7.4.4~~3~~ shall constitute presence in person at such meeting.

7.4.5 Board Action by Consent in Writing. The Developmental Board of Trustees may, subject to any applicable law, take any action without a meeting, if a consent in writing, setting forth the action so taken, ~~shall be~~is signed by all of the Trustees then in office.

7.4.6 Board Meeting Minutes. The Secretary of the Corporation shall make public the minutes of each meeting of the Developmental Board of Trustees or committee thereof (with the exception of closed sessions held pursuant to Section 7.6), and each written consent of the Developmental Board of Trustees or any committee thereof, by posting the same on the Grid West Website and at the offices of the Corporation, or by any other reasonable means, within fifteen (15) days after the date on which the meeting was held or the signing of the consent was completed.

7.5 Notice of Developmental Board of Trustees Meetings.

7.5.1 Notice Requirements of Regular and Special Board Meetings. Notice of regularly scheduled and special meetings shall be given to the Developmental Board of Trustees not less than ten (10) days prior to the meeting if delivered by first-class mail or not less than five (5) days prior to the meeting if the notice is delivered personally, by telephone, by facsimile, or by electronic mail; provided, however, that notice of special meetings shall not be effective if sent solely by electronic mail.

7.5.2 Public Notice and Closed Sessions of the Board. Public notice of each meeting of the Developmental Board of Trustees (including meetings to be held in whole or in part in closed session pursuant to Section 7.6) shall be placed on the Grid West Website and posted at the offices of the Corporation at least ten (10) days prior to the meeting (or the soonest date practicable thereafter) if notice of such meeting has been delivered to the Trustees by first-class mail and at least five (5) days prior to the meeting (or the soonest date practicable thereafter) if notice of such meeting has been delivered to the Trustees personally, by telephone, by facsimile, or by electronic mail. Public notice of any adjournment and reconvening of any such meeting shall be placed on the Grid West Website and posted at the offices of the Corporation as soon as practicable after any such adjournment. Each such notice shall include an agenda that makes it clear which items are for purposes of discussion, which items are for purposes of taking action, and, to the extent practicable, which items are to be considered in a closed session; provided, however, that the failure of any item to be included on any such agenda shall not prevent action from being taken thereon at any meeting. If any changes are made to any such agenda prior to the meeting to which the agenda relates, the Secretary of the Corporation shall make reasonable efforts to provide public notice of any such changes as soon

as practicable in advance of the meeting. In addition, notice of each meeting shall be sent by the Secretary of the Corporation, by first-class mail, telegram (charges prepaid), facsimile, or electronic mail, to each Member who so requests, each member of the MRC, and to each member of the public who so requests and who has provided the Secretary of the Corporation with complete information regarding such person's name and address; provided, however, that the failure of any such Member, member of the MRC, or [member of the public](#) to receive notice of any meeting of the Developmental Board of Trustees shall not under any circumstances affect the validity of such meeting or any action taken at such meeting. In the event of any emergency meeting of the Developmental Board of Trustees, the notice requirements of this Section 7.5.2 shall be suspended and the Secretary of the Corporation shall use whatever efforts the Secretary of the Corporation, in his or her sole discretion, deems reasonable, in light of all the facts and circumstances, to inform the Members and the public regarding the meeting and the matters scheduled to be considered at the meeting.

7.6 Open Board Meetings. Meetings of the Developmental Board of Trustees held pursuant to this Article VII shall generally be open to any and all Members and any and all members of the public, and except as provided below, any member of the public shall be entitled to attend and observe the proceedings of any regular or special meeting of the Developmental Board of Trustees. Subject to such procedural restrictions as may be reasonably imposed by the Developmental Board of Trustees, Members and members of the Regional Representatives Group shall have the right to address the Developmental Board of Trustees at all regular or special meetings of the [Developmental](#) Board. Notwithstanding the foregoing, the Developmental Board of Trustees may, at any time during any open meeting of the Developmental Board of Trustees, upon approval by the affirmative vote of not less than two-thirds (2/3) of the Trustees present at such meeting, adjourn the meeting and reconvene in a closed session for discussion of litigation or potential litigation, personnel matters, vendor or contractor selection, real estate transactions, commercially sensitive information, and other matters that are reasonably and in good faith determined by the Developmental Board of Trustees to be entitled to confidential treatment. Only Trustees and certain officers, employees, and agents of the Corporation, as designated by the Trustees, may be present during any closed session; provided, however, that to the extent deemed necessary by the chairperson of the [Developmental](#) Board, any other person or persons having business before the Developmental Board of Trustees that relates specifically to the matter or matters to be discussed during any portion of a closed session may be present during such portion of a closed session.

7.7 Waivers of Developmental Board Meeting Notice. The notice requirements contained in these Developmental Bylaws may be waived in writing by any Developmental Board Trustee with respect to himself or herself, either before or after the meeting. The attendance by any Developmental Board Trustee at a meeting shall constitute a waiver of notice of such meeting except when such Developmental Board Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. All waivers shall be made part of the minutes of the meetings.

7.8 Quorum of the Developmental Board of Trustees. A quorum for any meeting of the Developmental Board of Trustees shall be a majority of the Trustees then in office. A

meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Trustees, if any action taken is approved by the required number of Trustees, as specified in these Developmental Bylaws. A majority of the Trustees then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

7.9 Voting of the Developmental Board Trustees. Except where a greater vote is required by the Articles of Incorporation, applicable law, or these Developmental Bylaws, the affirmative vote of a majority of the Trustees then in office shall be the act of the Developmental Board of Trustees. Each Trustee shall have one (1) vote. Trustees may not vote by proxy.

7.10 Individuals Who Are Prohibited from Serving as Developmental Board Trustees.

7.10.1 Prohibited Individuals. Except as set forth in Section 7.10.2, no individual may be nominated for election to or become a member of the Developmental Board of Trustees, or at any time serve on the Developmental Board of Trustees, if such individual (or the spouse, the domestic partner, or any legal dependent of such individual):

(i) has a direct or indirect financial interest in (including the ownership of securities of) a Market Participant or Member (or any Affiliate of any of such Persons); provided, however, that such individual (or the spouse, the domestic partner, or any legal dependent of such individual) will be permitted to own securities of a Market Participant or Member (or any Affiliate of any such Persons) through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof);

(ii) is connected (or has been connected within one (1) year prior to the date of the meeting to nominate individuals for Trustee) as an owner, director, officer, employee, partner, principal, or member of a governing board or council, or in any similar capacity, to a Market Participant or Member (or any Affiliate of any of such Persons); provided, however, that an individual who served as an employee or an elected or appointed public official of a Participating Jurisdiction may be nominated; or

(iii) has a Related Person that is an officer, chief executive or general manager, director or trustee or member of a governing board or council, or occupies a position of similar capacity of a Market Participant or Member (or any Affiliate of any such Person); provided, however, that the individual may be nominated if the Related Person commits to retire or otherwise leaves the position that gives rise to the disqualification prior to the date of the first meeting of Trustees after the nominee is elected as a Trustee. The Trustee may only serve only if the commitment is honored.

7.10.2 Exceptions Concerning Prohibited Individuals. An individual shall not be deemed to be in violation of the restrictions set forth in Section 7.10.1 and shall not be prohibited from serving as a Trustee merely because such individual (or the spouse, the domestic partner, or any legal dependent of such individual):

- (i) is a residential retail consumer of electric energy; or
- (ii) continues his or her pre-existing participation in a qualified defined benefits or defined contribution pension plan, ~~or in~~ a nonqualified deferred compensation or pension plan, or health benefits plan of a Market Participant or Member (or any Affiliate of any of such Persons) for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such individual under any such pension plan do not vary with the economic performance of such Market Participant or Member (or any Affiliate of any of such Persons) (other than the potential variance due to risk of bankruptcy) or the value of any securities of any such Market Participant or Member (or any Affiliate of any of such Persons) held by such plan.

7.11 Continuing Restrictions on Former Developmental Board Trustees.

7.11.1 General Restrictions. Except as set forth in Section 7.11.2:

- (i) during the period of one hundred eighty (180) consecutive days following the date on which an individual ceases to be a Developmental Board Trustee, neither such individual nor the spouse, the domestic partner, or any legal dependent of such individual may have or acquire a direct or indirect financial interest in a Market Participant or Member (or any Affiliate of any of such Persons); ~~provided, however,~~ that such individual (or the spouse, the domestic partner, or any legal dependent of such individual) will be permitted to own securities of a Market Participant or Member (or any Affiliate of any of such Persons) through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segment thereof);
- (ii) during the period of three hundred sixty-five (365) consecutive days following the date on which an individual ceases to be a Developmental Board Trustee, neither such individual nor the spouse, the domestic partner, or any legal dependent of such individual:
 - (a) may be or become connected as an owner (including through ownership or control of five ~~(5)~~ percent (5%) or more of outstanding shares), director, officer, employee, partner, principal, or consultant, or in any similar capacity, to a Market Participant or Member (or any Affiliate of any of such Persons); or

(b) may receive in such person's individual capacity an amount in excess of \$10,000 (U.S.) (exclusive of retirement income or benefits) in the aggregate from the Corporation, any Market Participant, or any Member (or any Affiliate of any of such Persons) as rent or payments for materials, products, or services;

(iii) during the period of three hundred sixty-five (365) consecutive days following the date on which an individual ceases to be a Developmental Board Trustee, neither such individuals nor any Related Person of such individuals may receive an amount in excess of \$10,000 (U.S.) (exclusive of retirement income or benefits) from relationships with other entities that receive substantial amounts of income or other benefits from the Corporation, any Market Participant, or any Member (or any Affiliate of such Persons). The Developmental Board of Trustees shall have the discretion to determine from time to time in meetings open to the public what shall constitute substantial amounts of income or other benefits for purposes of this restriction; and

(iv)- neither such individual nor the spouse, the domestic partner, or any legal dependent of such individual may at any time accept any gift from any Market Participant or Member that is offered as a consequence of service as a Developmental Board Trustee, subject to any exceptions contained in the terms of any applicable conduct rules.

7.11.2 Exceptions Concerning Continuing Restrictions. An individual shall not be deemed to be in violation of the restrictions set forth in Section 7.11.1 merely because such individual (or the spouse, the domestic partner, or any legal dependent of such individual):

(i) is a residential retail consumer of electric energy; or

(ii) continues his or her pre-existing participation in a qualified defined benefits or defined contribution pension plan, nonqualified deferred compensation or pension plan, or health benefits plan of a Market Participant, or Member (or any Affiliate of any of such Persons) for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such individual under any such pension plan do not vary with the economic performance of such Market Participant or Member (or any Affiliate of any of such Persons) (other than the potential variance due to risk of bankruptcy) or the value of any securities of any such Market Participant or Member (or any Affiliate of any of such Persons) held by such plan.

7.12 Standard of Care.

7.12.1 General Standard for Decisions. A Developmental Board Trustee shall perform the duties of a Trustee, including duties as a member of any committee of the Developmental Board of Trustees on which the Trustee may serve, in good faith, in a manner that such Trustee believes to be in the best interests of the Corporation in achieving the purposes

set forth in Article III, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

7.12.2 Reliance on Information. In performing the duties of Trustee, a Developmental Board Trustee shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (i) any advisory committee established by the Developmental Board of Trustees pursuant to Section 8.2 of these Developmental Bylaws;
- (ii) one (1) or more officers or employees of the Corporation whom the Trustee reasonably believes to be reliable and competent in the matter presented;
- (iii) legal counsel, public accountants, or other persons as to matters that the Trustee reasonably believes are within such person's professional or expert competence; or
- (iv) a committee of the Developmental Board of Trustees upon which the Trustee does not serve, as to matters within such committee's or person's designated authority, which committee or person the Trustee believes to merit confidence; so long as, in any such case, the Trustee acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances, and without knowledge that would cause such reliance to be unwarranted.

7.12.3 Conduct Rules. The Developmental Board of Trustees shall maintain Trustees conduct rules. In addition, the Developmental Board of Trustees shall ensure, to the extent practicable, that each Trustee complies with the Corporation's Trustees conduct rules, which conduct rules may be changed from time to time by the Developmental Board of Trustees. The initial Trustees conduct rules for the Developmental Board of Trustees are attached to these Developmental Bylaws as Exhibit B2.

7.12.4 Independence from Market Participants. The Developmental Board of Trustees shall develop and implement policies, designed to ensure independence from Market Participants, regarding the ownership of securities of suppliers of the Corporation or of other financial interests relating to the Corporation, by Trustees, officers, and employees of the Corporation (including Related Persons of such Developmental Board Trustees, officers, and employees). Each Trustee, officer, and other employee of the Corporation as may be designated pursuant to policies established by the Developmental Board of Trustees shall file an annual compliance affidavit with the Developmental Board of Trustees.

7.13 Prohibition Against Gifts and Loans to Developmental Board Trustees. The Corporation shall not make any gift or loan of money or property to or guarantee the obligation of any Trustee or Related Person of a Developmental Board Trustee; provided, however, that the Corporation may advance money to a Developmental Board Trustee for expenses reasonably

anticipated to be incurred in performance of the duties of such Trustee so long as such individual would be entitled to reimbursement for such expenses absent such advance.

7.14 Inspection Rights. Every Developmental Board Trustee shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties, of the Corporation. No Developmental Board Trustee shall use or disseminate any information (other than any information regarding a violation of tariffs or laws) obtained as a result of any such inspection, or otherwise in his or her capacity as a Trustee, for his or her own personal gain or to the detriment of the Corporation.

7.15 Compensation of Developmental Board Members.

7.15.1 Authorized Base Compensation and Additional Compensation.

Developmental Board Trustees shall receive base compensation in the amount of \$30,000 (U.S.) per year and additional compensation in the amount of \$1,000 (U.S.) per day for attendance at each meeting of the Developmental Board of Trustees or committee thereof, and \$500 (U.S.) per day for any other meetings related to the business of the Corporation that the Developmental Board of Trustees determines a Trustee should attend, to obtain the widest possible input into the decisions of the Developmental Board of Trustees and to avoid hardship on the part of such Trustees; provided, however, that the total compensation for each Trustee shall not exceed \$120,000 (U.S.) in any calendar year; and, provided, further, that the Developmental Board of Trustees may designate one (1) Trustee to serve as the Corporation's Chief Executive Officer (or in a similar capacity). If the Developmental Board of Trustees designates a Trustee to serve as the Corporation's Chief Executive Officer (or in a similar capacity), the Developmental Board of Trustees may prospectively provide for that Trustee to receive additional compensation and exceed the \$120,000 (U.S.) limit otherwise applicable under this Section 7.15.1. Any such proposed designation or increase in the Trustee's total authorized compensation must be approved at a meeting noticed pursuant to Section 7.5, and any decision to so designate or increase compensation must be promptly disclosed to the Corporation's Members.

7.15.2 Reimbursement of Expenses. Developmental Board Trustees shall also be entitled to receive reimbursement for reasonable and necessary travel and other actual expenses incurred in performing duties of their offices and in attending meetings of the Developmental Board of Trustees and meetings of committees of the Developmental Board of Trustees or advisory committees.

7.15.3 Prohibition Against Trustees Being an Officer, Employee, or Consultant. While serving as a Trustee, a Developmental Board Trustee shall not be an officer or employee of the Corporation, or a consultant to the Corporation (except as permitted in Section 7.15.1 with respect to the Chief Executive Officer).

ARTICLE VIII

COMMITTEES OF THE DEVELOPMENTAL BOARD OF TRUSTEES

8.1 Committees of Trustees. The Developmental Board of Trustees may, by resolution adopted by a majority of the Trustees then in office, designate one (1) or more committees, each consisting of two (2) or more Trustees, to serve at the pleasure of the Developmental Board of Trustees. Appointments to such committees may be made at any meeting of the Developmental Board of Trustees by a majority vote of the Trustees then in office. Each committee shall have such authority of the Developmental Board of Trustees as is delegated by resolution of the Developmental Board, except that no committee, regardless of the Developmental Board of Trustees resolution, may:

- (i) elect, appoint, or remove any member of such committee, any Trustee, or any officer of the Corporation;
- (ii) appoint any other committees of the Developmental Board of Trustees or the members of any such committees;
- (iii) fix compensation of Trustees for serving on the Interim or Developmental Board of Trustees or any committee;
- (iv) amend, alter, or repeal these Developmental Bylaws, or adopt new bylaws, or amend the Articles of Incorporation;
- (v) amend, alter, or repeal any resolution of the Interim or Developmental Board of Trustees;
- (vi) adopt a plan of merger or consolidation;
- (vii) authorize or cause the Corporation to enter into any binding contract or other legal obligation or incur any liability;
- (viii) authorize the sale, lease, exchange, mortgage, or pledge of all or substantially all of the property or the assets of the Corporation; or
- (ix) authorize the voluntary dissolution of the Corporation or revoke proceedings therefore, or adopt a plan for the distribution of the assets of the Corporation on dissolution.

8.2 Advisory Committees. The Developmental Board of Trustees may appoint advisory committees from time to time at its discretion. Advisory committees' membership may consist of both Trustees and non-Trustees or non-Trustees only. Advisory committees have no authority to act for the Corporation but shall report their findings and recommendations to the Developmental Board of Trustees.

8.2.1 Consideration of Tariff Committee. The Developmental Board of Trustees shall consider appointing a Tariff Committee to advise the Developmental Board of Trustees on the development or review of the Corporation's tariff(s). Before determining whether to appoint a Tariff Committee the Developmental Board of Trustees shall consider the status of tariff development efforts, the advice of the Regional Representatives Group, and other considerations the Trustees deem relevant.

8.2.2 Tariff Committee. If the Developmental Board of Trustees establishes a Tariff Committee, it shall consist of up to fifteen (15) representatives of Members appointed by the Developmental Board of Trustees and serve until the completion of the Developmental Stage. Developmental Board Trustees may, but are not required to, serve on the Committee. The Developmental Board of Trustees shall endeavor to select representatives from each of the Member Classes to serve on the Tariff Committee, and shall endeavor to select individuals who collectively possess an appropriate spectrum of expertise with respect to defining the terms and conditions for electric transmission services and participation in related markets.

8.3 Meetings. Regular and special meetings of committees of the Developmental Board of Trustees and any advisory committees shall be governed by, and the procedures relating to such meetings and actions taken by such committees at such meetings or by written consent shall be carried out in accordance with, the provisions of Sections 7.4 through 7.9 concerning meetings of the Developmental Board of Trustees. For the purposes of the application of Article VII to the meetings of committees of the Developmental Board of Trustees or advisory committees, references in Article VII to the Developmental Board of Trustees shall be read as references to the applicable committee of the Developmental Board of Trustees or to the applicable advisory committee. Minutes of each meeting of any committee (with the exception of closed sessions held pursuant to Section 7.6) shall be kept and filed with the corporate records. The Developmental Board of Trustees may adopt rules for the governance of any committee not inconsistent with the provisions of these Developmental Bylaws.

ARTICLE IX

OFFICERS AND STAFF

9.1 Officers. The officers of the Corporation shall be a President, one (1) or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Interim or Developmental Board of Trustees may appoint. The same person may hold two (2) or more offices; provided, however, that the same person may not hold the offices of ~~the~~ President and Secretary; and, provided, further, that the same person may not hold the offices of ~~the~~ President and Treasurer.

9.2 Appointment. The Interim Board of Trustees may appoint officers of the Corporation during the time the Interim Board of Trustees is in office, and the Developmental Board of Trustees may appoint officer(s) of the Corporation during the time the Developmental Board of Trustees is in office. Officers may be appointed at any meeting of the Interim or

Developmental Board of Trustees, and the terms of service of the officers so appointed shall be as specified by the Interim or Developmental Board of Trustees.

9.3 Removal. Subject to the rights, if any, of the officer under any contract of employment, the Interim or Developmental Board of Trustees may remove any of the Corporation whenever, in the Interim or Developmental Board's judgment, removal will serve the best interests of the Corporation.

9.4 Resignation. Any officer may resign at any time by giving written notice to the Secretary of the Corporation. Any resignation shall take effect on the date of the receipt of that notice or at any later time specified by that notice, and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract of employment with the officer.

9.5 President. The President shall be responsible for conducting the affairs of the Corporation in a manner consistent with the policies and directives of the Interim or Developmental Board of Trustees. He or she shall have such additional powers and duties as may be prescribed by the Interim or Developmental Board of Trustees.

9.6 Vice President. During the absence or disability of the President, the Vice President (or if there is more than one Vice President, the Vice Presidents in the order designated by the Interim or Developmental Board of Trustees) shall exercise all functions of the President, except as limited by resolution of the Interim or Developmental Board of Trustees. Each Vice President shall have such powers and discharge such duties as may be assigned from time to time to such Vice President by the President or by the Interim or Developmental Board of Trustees.

9.7 Secretary. The Secretary of the Corporation shall serve notice of and act as Secretary of the Corporation at all meetings of the Interim or Developmental Board of Trustees, shall administer the meetings of Members as provided in Articles V and VI, shall record the proceedings of all meetings in the minute books, and shall be responsible for conducting the affairs of the Corporation in a manner consistent with the policies and directives of the Interim or Developmental Board of Trustees. The Secretary of the Corporation shall have such additional powers and duties as shall be prescribed by the Interim or Developmental Board of Trustees.

9.8 Treasurer. The Treasurer of the Corporation shall have the care and custody of the money, funds, and securities of the Corporation; shall account for the same; and shall have and exercise, under the supervision of the Interim or Developmental Board of Trustees, all the powers and duties commonly incident to this office. The Treasurer shall prepare and maintain the books, accounts and financial statements, financial records, and financial reports of the Corporation consistent with generally accepted accounting principles.

9.9 Additional Officers. The Interim or Developmental Board of Trustees may appoint one (1) or more additional officers to perform such duties and have such powers; as the Interim or Developmental Board of Trustees shall designate.

9.10 Compensation; Prohibition Against Loans.

9.10.1 Compensation Determined by the Board. Compensation of the officers shall be determined by the Interim or Developmental Board of Trustees.

9.10.2 Prohibited Loans; Permitted Advances. The Corporation shall not make any loan of money or property to or guarantee the obligation of any officer or Related Person of an officer; provided, however, that the Corporation may advance money to an officer for expenses reasonably anticipated to be incurred in performance of the duties of such officer so long as the officer would be entitled to reimbursement for such expenses absent such advance.

9.11 Execution of Instruments. The President shall have the authority to execute legal instruments on behalf of the Corporation, subject to any restrictions or limitations that the Interim or Developmental Board of Trustees may impose. The President's authority to execute legal instruments on behalf of the Corporation may be delegated by the President to other officers and employees of the Corporation on a general or limited basis with the prior written approval of the Interim or Developmental Board of Trustees.

9.12 Staffing. Officers of the Corporation may, within such budgetary authority and subject to such other restrictions and requirements as these Developmental Bylaws for the Interim or Developmental Board of Trustees; establish from time to time, hire or contract with such staff as is necessary to fulfill the purposes of the Corporation.

9.13 Conduct Rules. The Developmental Board of Trustees shall ensure that the officers, employees, and substantially full-time consultants and contractors of the Corporation, and any transmission owner or operator personnel or other individuals performing discretionary functions for or on behalf of the Corporation, comply with the employees conduct rules. The employees conduct rules may be amended from time to time. The initial employees conduct rules are attached to these Developmental Bylaws as Exhibit A. All contracts with non-full-time contractors shall include appropriate conduct rules, as determined by the Developmental Board of Trustees from time to time, taking into account the nature of the work of such contractor and the value of such contractor's work to the Corporation. The Developmental Board of Trustees may in its discretion include in the employees conduct rules specific post-employment restrictions on former employees, including restrictions on involvement in any matter in which the former employee was directly involved while an employee and restrictions for a limited period on any appearances before the Corporation in a representative capacity.

ARTICLE X

RECORDS

10.1 Records Available for Inspection.

10.1.1 Records. The Corporation shall keep or cause to be kept at its principal office the following records:

- (i) ~~T~~he Articles of Incorporation and all amendments and restatements thereof and a copy of all documents qualifying the Corporation to do business within a state;
- (ii) ~~T~~he Corporation's bylaws and all amendments thereof, duly certified by the Secretary of the Corporation;
- (iii) ~~A~~a record of Members, including the name, address, and Member Class of each Member;
- (iv) ~~C~~orrect and adequate records of accounts and finances;
- (v) ~~A~~a record of officers' and Trustees' names and addresses; and
- (vi) ~~M~~inutes of all meetings of the Members and of all meetings of the Developmental Board of Trustees and each committee thereof (other than closed sessions held pursuant to the applicable provisions of these Developmental Bylaws).

10.1.2 Member Inspection of Records. The records kept pursuant to this Section 10.1 shall be open at any reasonable time to inspection by any Member. Such records may be written, or electronic if capable of being converted to writing. The Corporation may impose reasonable charges for any copies of the Corporation's records that a Member requests in connection with exercising its inspection rights under this Section 10.1.2.

10.2 Financial Records.

10.2.1 Annual Financial Statements. As soon as reasonably practical after the close of the fiscal year, annual financial statements of the Corporation for the Developmental Stage shall be prepared in accordance with generally accepted accounting principles. The financial statements shall contain in appropriate detail the following:

- (i) ~~T~~he assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year;
- (ii) ~~T~~he principal changes in assets and liabilities, including trust funds, during the fiscal year;

(iii) ~~T~~he revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

(iv) ~~T~~he expenses or disbursements of the Corporation, for both general and restricted purposes during the fiscal year;

(v) ~~A~~ny transaction or series of related transactions during the previous fiscal year involving \$10,000 (U.S.) or more to which the Corporation was a party and in which any Trustees or officers of the Corporation had or have a direct or indirect material financial interest. The report must disclose the names of the interested persons involved in such transaction, stating such person's relationship to the Corporation, the nature of such person's interest in the transaction, and, when practical, the amount of such interest; and

(vi) ~~T~~he amount and circumstances of any indemnification or advances aggregating more than \$10,000 (U.S.) paid during the fiscal year.

10.2.2 Accountant's Review of Financial Statements. The Developmental Board of Trustees shall cause the Developmental Stage financial statements of the Corporation to be reviewed by an independent accountant on at least an annual basis, with the independent accountant's review results to be summarized in a formal letter to the Developmental Board of Trustees.

10.2.3 Reports Concerning Financial Status. The Developmental Board of Trustees may, at its discretion, cause reports concerning the Corporation's financial status during the Developmental Stage to be prepared and delivered to the Members from time to time (and, if the Board deems it appropriate, to the general public as well). The Developmental Board of Trustees may require that reports concerning the Corporation's financial status during the Developmental Stage be made available to the general public subject to a requirement that requesting parties pay the reasonable costs of providing the reports.

10.3 Records Retention. The Developmental Board of Trustees shall cause to be developed and implemented a records retention program complying with all applicable legal requirements.

ARTICLE XI

INDEMNIFICATION OF TRUSTEES, OFFICERS, EMPLOYEES, AND AGENTS

11.1 Liability of Trustees; Indemnification Rights of Members of the Developmental Board of Trustees and Certain Officers.

11.1.1 Limits on Liability of Trustees. Trustees shall be liable to the Corporation only for the following:

- (i) acts or omissions that involve intentional misconduct by the Trustee;
- (ii) knowing violation of the law by the Trustee;
- (iii) conduct violating RCW 23B.08.310; and
- (iv) any transaction from which the Trustee personally receives a benefit in money, property, or services to which the Trustee is not legally entitled.

If the Washington Business Corporation Act, as applied to nonprofit corporations, is amended to authorize corporate action further eliminating or limiting the personal liability of Trustees, then the liability of a Trustee shall be deemed eliminated or limited to the fullest extent permitted by the Washington Business Corporation Act, as so amended.

11.1.2 Indemnification of Trustees. The Corporation shall indemnify the members of the Developmental Board of Trustees and any officers to the full extent permitted by applicable law as then in effect against liability arising out of a Proceeding to which such individual was made a party because the individual is or was a Trustee or officer of the Corporation. The Corporation shall advance expenses (including attorneys' fees) incurred by such persons who are parties to a Proceeding in advance of final disposition of the Proceeding, as provided herein. The Corporation may not indemnify members of the Interim Board.

11.2 Indemnification of Employees and Agents. The Corporation shall have the power, to the fullest extent and in the manner permitted by applicable law, to indemnify and advance expenses (including attorneys' fees) to each of its employees and agents against expenses (including attorneys' fees), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any Proceeding arising by reason of the fact that such person is or was an employee or agent of the Corporation.

11.3 Procedure for Seeking Indemnification or Advancement of Expenses.

11.3.1 Notification and Defense of Claim.

(i) Indemnitee shall promptly notify the Secretary of the Corporation in writing of any Proceeding for which indemnification could be sought under this Article XI. In addition, Indemnitee shall give the Corporation such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

(ii) With respect to any such Proceeding as to which Indemnitee has so notified the Secretary of the Corporation:

(a) ~~T~~he Corporation will be entitled to participate therein at its own expense; and

(b) ~~E~~xcept as otherwise provided below, to the extent that it may wish, the Corporation, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel satisfactory to Indemnitee. Indemnitee's consent to such counsel may not be unreasonably withheld.

(iii) After notice from the Corporation to Indemnitee of its election to assume the defense, the Corporation will not be liable to Indemnitee under this Article XI for any legal or other expenses (including attorneys' fees) subsequently incurred by Indemnitee in connection with such defense. However, Indemnitee shall continue to have the right to employ his or her counsel in such Proceeding, at Indemnitee's expense, and if:

(a) ~~T~~he employment of counsel by Indemnitee has been authorized by the Corporation;

(b) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Corporation and Indemnitee in the conduct of such defense;

(c) ~~T~~he Corporation shall not in fact have employed counsel to assume the defense of such Proceeding,

then the fees and expenses (including attorneys' fees) of Indemnitee's counsel shall be at the expense of the Corporation; and

(~~d~~iv) The Corporation shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Corporation or as to which Indemnitee shall reasonably have made the conclusion that a conflict of interest may exist between the Corporation and Indemnitee in the conduct of the defense.

11.3.2 Information to Be Submitted and Method of Determination and Authorization of Indemnification.

(i) For the purpose of pursuing rights to indemnification under this Article XI, Indemnatee shall submit to the Developmental Board a sworn statement requesting indemnification and reasonable evidence of all amounts for which such indemnification is requested (together, the sworn statement and the evidence constitute an “Indemnification Statement”).

(ii) Submission of an Indemnification Statement to the Developmental Board shall create a presumption that Indemnatee is entitled to indemnification hereunder, and the Corporation shall, within sixty (60) days thereafter, make the payments requested in the Indemnification Statement to or for the benefit of Indemnatee, unless

(a) within such sixty- (60-) day period it shall be determined by the Corporation that Indemnatee is not entitled to indemnification under this Article XI;

(b) such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption); and

(c) Indemnatee shall receive notice in writing of such determination, which notice shall disclose with particularity the evidence upon which the determination is based.

(iii) At the election of the President of the Corporation, the foregoing determination may be made by either:

(a) a committee chosen by written consent of a majority of the Trustees of the Corporation, and consisting solely of two (2) or more Trustees not at the time parties to the Proceeding~~s~~; or

(b) as provided by RCW 23B.08.550, as amended.

(iv) Any determination that Indemnatee is not entitled to indemnification, and any failure to make the payments requested in the Indemnification Statement, shall be subject to judicial review by any court of competent jurisdiction.

11.3.3 Special Procedure Regarding Advance for Expenses.

(i) An Indemnitee seeking payment of expenses (including attorneys' fees) in advance of a final disposition of the Proceeding must furnish the Corporation, as part of the Indemnification Statement:

(a) Aa written affirmation of Indemnitee's good-faith belief that Indemnitee has met the standard of conduct required to be eligible for indemnification; and

(b) Aa written undertaking, constituting an unlimited general obligation of Indemnitee, to repay the advance if it is ultimately determined that Indemnitee did not meet the required standard of conduct.

(ii) If the Corporation determines that indemnification is authorized, Indemnitee's request for advance of expenses (including attorneys' fees) shall be granted.

11.3.4 Settlement. The Corporation is not liable to indemnify Indemnitee for any amounts paid in settlement of any Proceeding without the Corporation's written consent. The Corporation shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Corporation nor Indemnitee may unreasonably withhold its consent to a proposed settlement.

11.4 Contract and Related Rights.

11.4.1 Contract Rights. The right of an Indemnitee to indemnification and advancement of expenses (including attorneys' fees) is a contract right upon which Indemnitee shall be presumed to have relied in determining to serve or to continue to serve in his or her capacity with the Corporation. Such right shall continue as long as Indemnitee shall be subject to any possible Proceeding. Any amendment to or repeal of this Article XI shall not adversely affect any right or protection of an Indemnitee with respect to any acts or omissions of such Indemnitee occurring prior to such amendment or repeal.

11.4.2 Optional Insurance, Contracts, and Funding. The Corporation may:

(i) Mmaintain insurance, at its expense, to protect itself and any Indemnitee against any liability, whether or not the Corporation would have power to indemnify the individual against the same liability under RCW 23B.08.510 or .520, or a successor statute;

(ii) Eenter into contracts with any Indemnitee in furtherance of this Article XI and consistent with applicable law; and

(iii) create a trust fund, grant a security interest, or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article XI.

11.4.3 Severability. If any provision or application of this Article XI shall be invalid or unenforceable, the remainder of this Article XI and its remaining applications shall not be affected thereby, and shall continue in full force and effect.

11.4.4 Right of Indemnitee to Bring Suit. If:

(i) a claim under this Article XI for indemnification is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation; or

(ii) a claim under this Article XI for advancement of expenses (including attorneys' fees) is not paid in full by the Corporation within twenty (20) days after a written claim has been received by the Corporation,

then Indemnitee may, but need not, at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. To the extent successful in whole or in part, Indemnitee shall be entitled to also be paid the expense (to be proportionately prorated if Indemnitee is only partially successful) of prosecuting such claim.

11.4.5 No Presumption. Neither:

(i) the failure of the Corporation (including its Developmental Board of Trustees or independent legal counsel) to have made a determination prior to the commencement of such Proceeding that indemnification or reimbursement or advancement of expenses (including attorneys' fees) to Indemnitee is proper in the circumstances; nor

(ii) an actual determination by the Corporation (including its Developmental Board of Trustees or independent legal counsel) that Indemnitee is not entitled to indemnification or to the reimbursement or advancement of expenses (including attorneys' fees)

shall be a defense to the Proceeding or create a presumption that Indemnitee is not so entitled.

11.5 Exceptions to Corporation's Obligations. Any other provision herein to the contrary notwithstanding, the Corporation shall not be obligated pursuant to the terms of these Developmental Bylaws to indemnify or advance expenses (including attorneys' fees) to Indemnitee with respect to any Proceeding involving claims:

(i) initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to

indemnification under these Developmental Bylaws or any other statute or law or as otherwise required under the statute, but such indemnification or advancement of expenses (including attorneys' fees) may be provided by the Corporation in specific cases if the Board of Trustees finds it to be appropriate;

(ii) instituted by Indemnitee to enforce or interpret [this](#) Article XI, if a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such Proceeding was not made in good faith or was frivolous;

(iii) for which any of the expenses (including attorneys' fees) or liabilities for which indemnification is being sought have been paid directly to Indemnitee by an insurance carrier under a policy of officers' and [Trustees'](#) liability insurance maintained by the Corporation; and

(iv) with respect to which the Corporation is prohibited by applicable law as then in effect from paying such indemnification or advancement of expenses (including attorneys' fees). For example, the Corporation and Indemnitee acknowledge that federal legislation prohibits indemnification for certain ERISA violations.

ARTICLE XII

MISCELLANEOUS

12.1 Meetings Related to Negotiation of Transmission Agreements. Except for meetings at which attendance is otherwise limited by the Developmental Board of Trustees for good cause, including, without limitation, a need to discuss legally sensitive matters, the Developmental Board of Trustees shall ensure that in-person meetings scheduled by the Corporation to which transmission owners and operators in the Geographic Area are invited and are intended to discuss and negotiate provisions of the Transmission Agreements to be offered to such transmission owners are open to Members and to those transmission system customers with contracts for services from transmission owners or operators within the Geographic Area. The Developmental Board of Trustees shall state the basis for its finding of good cause either in the agenda for the meeting or on the Grid West Website promptly following the meeting. Periodically during such meetings, the Members and qualified transmission system customers shall be given a timely opportunity to voice their opinions on the topics being discussed at such meetings. Nothing in this Section 12.1 shall prohibit informal contacts (such as telephone communications) between transmission owners and operators and Corporation representatives necessary to facilitate the negotiating process.

12.2 Member Vote Related to Adoption of Operational Bylaws.

12.2.1 Operational Bylaws Business Plan. Prior to the Member vote described below, the Board of Trustees shall develop and distribute to the Members a business plan to be recommended to the Operational Board for provision of the services anticipated to be offered within the first two (2) years of the Operational Stage in a manner that is cost-effective and controls costs, and includes a cost estimate for providing such services and consideration of contracting for services to carry out the Corporation's responsibilities.

12.2.2 Member Right to Vote on Adoption of Operational Bylaws. The Board of Trustees shall not take any action to adopt the Operational Bylaws without first conducting a Member vote on whether the Board of Trustees should adopt the Operational Bylaws. Such Member vote shall be scheduled for a date selected by the Board of Trustees but only after it determines that:

- (i) Aa risk-and-rewards analysis of commencing commercial operations of Grid West has been completed;
- (ii) Aat least two (2) investor-owned utilities have indicated that the proposed Transmission Agreement offered by Grid West has been or will be submitted to the appropriate regulatory authority for any necessary review and approval; and
- (iii) The Bonneville Power Administration has indicated that the proposed Transmission Agreement offered by Grid West will be included in the proposal made available for public review and comment prior to the Administrator's issuing a Record of Decision on whether to execute the Transmission Agreement.

12.2.3 Conduct of Member Vote. If a majority of the Member voting power votes to approve adoption of the Operational Bylaws as provided in Section 5.14.8, the Board of Trustees must adopt the Operational Bylaws to supersede these Developmental Bylaws without further Member action upon satisfaction of the requirements of Section 7.2.5. The Member vote required by Section 12.2.2 shall be subject to all applicable requirements of these Developmental Bylaws concerning providing notice of and conducting Member meetings (including, without limitation, Sections 5.13 and 5.14). If a majority of the Member voting power does not vote to approve adoption of the Operational Bylaws as provided in Section 5.14.8, the Board of Trustees must reorganize as a non-membership, nonprofit corporation controlled by those parties that are Members of the Major Transmitting Utilities Member Class at the time of the reorganization.

12.3 Fiscal Year. The fiscal year of the Corporation shall be established at the discretion of the Board of Trustees.

12.4 Corporation Seal. The Corporation may have a seal as specified by resolution of the Interim or Developmental Board of Trustees. Such seal may be affixed to any and all corporate instruments, but failure to affix it shall not affect the validity of any instrument.

12.5 Notices. Except as and to the extent otherwise provided in these Developmental Bylaws, any notice required or permitted to be given under or pursuant to these Developmental Bylaws shall be required to be delivered to the intended recipient party either by first-class mail, in person, by facsimile equipment providing written confirmation of completed transmission, or by electronic mail at such party's address, facsimile number, or electronic mail address provided to the Secretary of the Corporation in accordance with the requirements of these Developmental Bylaws. Notices delivered by mail shall be effective when deposited in the U.S. or Canadian mail, with first-class postage thereon prepaid. Notices delivered in person shall be effective upon delivery, and notices sent by facsimile or electronic mail shall be effective upon completion of successful transmission. Any Person may change the address to which notices should be sent by giving notice of such change to the Secretary of the Corporation in accordance with the requirements of this Section 12.5.

12.6 Distribution of Net Assets upon Dissolution. Upon the dissolution or winding up of the Corporation, the Trustees shall, after paying, satisfying, discharging, or making adequate provision for payment of all of the liabilities and obligations of the Corporation, and subject to satisfaction of all applicable requirements of RCW 24.03.225 relating to dissolution, distribute all the remaining assets of the Corporation in accordance with the Articles of Incorporation.

ARTICLE XIII

SUNSET AND TERMINATION

13.1 Deadline to Offer Transmission Agreements. If the Developmental Board of Trustees has not offered Transmission Agreements to transmission owners and operators in the Geographic Area within twelve (12) months of the first meeting of the Developmental Board of Trustees, the Developmental Board of Trustees shall adopt a resolution to dissolve the Corporation and shall submit the resolution to a vote of the Members in accordance with Section 5.14.5. Unless the Members vote to override the Developmental Board of Trustees resolution to dissolve the Corporation as provided in Section 5.14.5, the Developmental Board of Trustees shall promptly proceed with dissolving the Corporation.

13.2 Deadline for Execution of Transmission Agreements. If the Bonneville Power Administration and at least two (2) investor-owned utilities with transmission systems contiguous with the Bonneville Power Administration's system in the Geographic Area do not execute Transmission Agreements within twelve (12) months of their offer, the Developmental Board of Trustees shall adopt a resolution to dissolve the Corporation and shall submit the resolution to a vote of the Members in accordance with Section 5.14.5. Unless the Members vote to override the Developmental Board of Trustees resolution to dissolve the Corporation as provided in Section 5.14.5, the Developmental Board of Trustees shall promptly proceed with dissolving the Corporation.

13.3 Board Discretion to Dissolve Corporation for Lack of Progress. If the Developmental Board of Trustees determines that sufficient progress cannot be made toward offering Transmission Agreements reasonably expected to be accepted by transmission owners

and operators in the Geographic Area by the deadline specified in Section 13.1, the Developmental Board of Trustees may vote to dissolve the Corporation by an affirmative vote of not less than two-thirds (2/3) of the Trustees then in office. If the Developmental Board of Trustees resolves to dissolve the Corporation pursuant to this Section 13.3, the Developmental Board of Trustees must submit the matter to a vote of the Members in accordance with Section 5.14.5. Unless the Members vote to override the dissolution as provided in Section 5.14.5, the Developmental Board of Trustees may proceed with dissolution following the Member vote.

13.4 Actions Triggering Regulatory Jurisdiction Voided. [Notwithstanding any other provision of these Developmental Bylaws,](#) ~~s~~Should the Corporation take any action during its Developmental Stage on the basis of which any regulatory entity with jurisdiction over electric utility facilities or services asserts jurisdiction over the Corporation, the Corporation's action shall be void *ab initio*. If, after the action is deemed void pursuant to the preceding sentence, the regulatory entity exercises jurisdiction over the Corporation during the Developmental Stage, the Board of Trustees shall immediately dissolve the Corporation (without submitting the matter to any Member vote).

13.5 Dissolutions Pursuant to Sections 13.1 Through 13.4. If the Board of Trustees dissolves the Corporation pursuant to Sections 13.1 through 13.4, the Board of Trustees shall, before dissolving the Corporation, assign any debt owed under the Funding Agreement and funding provided to the Corporation under predecessor agreements to an entity designated by at least a majority of the creditors.

CERTIFICATION

The undersigned hereby certifies that the foregoing Developmental Bylaws of Grid West were approved by a favorable vote of ~~a majority of the members of the Interim~~ Board of Trustees of the Corporation on the ____ day of _____, 200_.

~~DATED~~Dated this ____ day of _____, 200_.

By: _____

(Printed Name)
Secretary of the Corporation

EXHIBIT A

EMPLOYEES CONDUCT RULES

The Conduct Rules for officers, employees, and substantially full-time consultants and contractors of the Corporation are as follows:

I. **DEFINITIONS.** For purposes of these Conduct Rules, the following terms and definitions shall apply:

A. “Corporate Personnel” means each and all of the officers, employees, and substantially full-time consultants and contractors of the Corporation.

B. “Developmental Board of Trustees” means the Board of Trustees of the Corporation during the Corporation’s Developmental Stage.

C. “Person” means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint-stock company, trust, unincorporated organization, government entity or political subdivision thereof, or ~~any~~ organization recognized as a legal entity by law in the United States or Canada.

D. “Related Person” of an individual means all of the following: an individual’s spouse, domestic partner, parents (including step-parents and in-laws), children (including step-children and in-laws), and siblings (including step-siblings and in-laws).

E. “Trustee” means a member of the Developmental Board of Trustees.

II. **GENERAL STATEMENT.**

A. The Corporation expects all Corporate Personnel to conduct business on behalf of the Corporation with integrity and high ethical standards. These Conduct Rules and the bylaws of the Corporation set forth guidelines for all Corporate Personnel to follow.

B. In general, Corporate Personnel should recognize and avoid conduct or activities that involve or might appear to involve a conflict of interest. Although it is impossible to list every circumstance that may suggest a possibility of a conflict of interest, some guidelines are as follows:

1. Corporate Personnel must not use any position with the Corporation for personal, private gain or benefit. In addition, Corporate

Personnel may not use nonpublic information obtained in connection with their duties or services to the Corporation to the detriment of the Corporation or for their direct or indirect personal gain or advantage or for the personal gain or advantage of any other Person, including, but not limited to, a Related Person of a Trustee or Corporate Personnel.

2. Corporate Personnel should avoid any action that might result in or create the appearance of inappropriate preferential treatment of any Trustee or Corporate Personnel, or any Related Person of any Trustee or Corporate Personnel.

3. Corporate Personnel may not at any time disclose any confidential or commercially sensitive information or trade secrets of the Corporation or that the Corporation obtains from third parties, except as and to the extent authorized by the Corporation's bylaws and any other rules of the Corporation.

4. Corporate Personnel should not engage in conduct or activities that conflict or are inconsistent with any activity of the Corporation or that would cause a reasonable person to believe the Corporate Personnel's judgment, loyalty, or objectivity might be influenced in a way that is adverse to the interests of the Corporation.

5. Corporate Personnel should take care to avoid adversely affecting the public's confidence in the integrity or the reputation of the Corporation. Corporate Personnel should be able to justify and withstand public scrutiny of their conduct and activities.

6. Corporate Personnel who serve on the boards of other entities (whether for-profit or nonprofit) must be meticulous in observing the rules of separate loyalty.

C. In considering the guidelines set forth in these Conduct Rules and the Corporation's bylaws, Corporate Personnel must remember that the relationships of their business associates, family, friends, and other Persons may give rise to a potential conflict of interest even if Corporate Personnel are not involved directly. A potential conflict can exist when the parties in the relationship give or receive, or could reasonably be perceived to give or receive, unfair advantage or preferential treatment because of the relationship. No Corporate Personnel should have a direct or indirect interest in or relationship with any outside Person or organization that might affect (or that might reasonably be perceived by others as affecting) the objectivity or independence of their judgment or conduct in carrying out their duties to the Corporation.

D. Corporate Personnel should be aware that even the appearance of a conflict of interest could harm the Corporation, and [they](#) should always try to avoid giving an appearance of impropriety. When in doubt, Corporate Personnel should

disclose the circumstances to their supervisor or the President of the Corporation and obtain approval in accordance with the procedures set forth in these Conduct Rules and the Corporation's bylaws.

III. GENERAL CONFLICT-OF-INTEREST REQUIREMENTS.

A. Corporate Personnel must comply with all laws and regulations applicable to the conduct of the business of the Corporation, all policies established by the Interim or Developmental Board of Trustees, and these Conduct Rules. Corporate Personnel who become aware of any illegal conduct on the part of any other Corporate Personnel, or any conduct that is otherwise inconsistent with the requirements of these Conduct Rules, must promptly report such conduct to their supervisor or the President of the Corporation.

B. Corporate Personnel must not put themselves in a position in which their personal interests and those of the Corporation might be in conflict or that might interfere with their ability to perform their job as well as possible.

C. Corporate Personnel may not use any Corporation property or services for personal gain and may not remove or dispose of the materials, supplies, or equipment of the Corporation without proper authority.

D. Corporate Personnel and their Related Persons may not accept any form of gift, gratuity, or entertainment that would tend to affect or give the appearance of affecting their judgment in the performance of their duties; provided, however, that Corporate Personnel may accept (i) items such as food, refreshments, and entertainment in the course of a meal, theater event, sports event, or social event, and (ii) noncash gifts of a nominal value, such as pens, pencils, note-pads, calendars, and other non-cash gifts received for a special occasion, in each case of a value not exceeding \$250 (U.S.) per source per year.

E. Corporate Personnel may not use funds or resources of the Corporation in support of any political party or candidate for elected office. Corporate Personnel may not use their position, authority, or influence with the Corporation for the purpose of affecting the result of an election or a nomination for a party for public office. Corporate Personnel may not directly or indirectly coerce, attempt to coerce, command, or advise another officer or employee to pay, lend, or contribute anything of value or to contribute personal services to a party, committee, organization, agency, or person for political purposes.

F. Corporate Personnel with responsibility to initiate or modify entries in the Corporation's accounting records must perform their duties with the Corporation's management's approval and in conformance with the Corporation's accounting policies and procedures.

G. Corporate Personnel may not, except as may be allowed by a recognized legal privilege or appropriate assertion of confidentiality, withhold information from or give false or misleading information to anyone conducting duly authorized investigations or audits of the Corporation.

IV. IMPLEMENTATION.

A. The Corporation will direct all Corporate Personnel to comply with applicable law and with these Conduct Rules. The Corporation will maintain reasonable means for assessing and monitoring all Corporate Personnel to ensure such compliance. The Corporation will instruct all Corporate Personnel to contact the Corporation's designated compliance officer if they have any questions regarding applicable law or these Conduct Rules.

B. The Corporation will distribute copies of these Conduct Rules to all Corporate Personnel. Copies of these Conduct Rules will be provided to any new Corporate Personnel as part of their orientation.

C. The Developmental Board of Trustees may periodically evaluate the Corporation's experience with respect to employee conduct and compliance with these Conduct Rules and may revise these Conduct Rules, as well as any procedures associated with them, as it deems necessary or appropriate.

D. All Corporate Personnel are subject to discipline for failure to comply with any applicable law or for failure to comply with these Conduct Rules. Discipline may take the form of reprimand, suspension without pay, limitation in the scope of responsibilities, termination, or such other disciplinary action as is permitted by applicable law, in accordance with policies approved by the Developmental Board of Trustees.

E. Nothing in these Conduct Rules will in any way limit the Corporation's ability to hire, fire, promote, demote, discipline, or otherwise take employment-related action with respect to its Corporate Personnel.

EXHIBIT B1

CONDUCT RULES

FOR INTERIM BOARD OF TRUSTEES

These Conduct Rules for the members of the Interim Board of Trustees of the Corporation are as follows:

The Corporation expects all Trustees of the Corporation to conduct business on behalf of the Corporation with integrity and high ethical standards. All members of the Interim Board of Trustees should, at all times in their capacities as Trustees, (i) comply with the Corporation's bylaws and Board policies and (ii) carry out their fiduciary duties as ~~T~~trustees of a nonprofit corporation under Washington law.

EXHIBIT B2

CONDUCT RULES FOR

DEVELOPMENTAL BOARD OF TRUSTEES

These Conduct Rules for the members of the Developmental Board of Trustees of the Corporation are as follows:

I. **DEFINITIONS.** For purposes of these Conduct Rules, the following terms and definitions shall apply:

A. “Affiliate” of a “Person” (as defined below) means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Person. For purposes of these Conduct Rules, in determining whether one Person controls another Person, without limitation, the direct or indirect ownership or control of or power to vote five percent (5%) or more of the outstanding voting securities of a corporation shall be deemed to constitute control of such corporation.

B. “Corporate Personnel” means each and all of the officers, employees, and substantially full-time consultants and contractors of the Corporation.

C. “Person” means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint-stock company, trust, unincorporated organization, government entity or political subdivision thereof, or ~~any~~ organization recognized as a legal entity by law in the United States or Canada.

D. “Related Person” of an individual means all of the following: an individual’s spouse, domestic partner, parents (including step-parents and in-laws), children (including step-children and in-laws), and siblings (including step-siblings and in-laws).

II. **GENERAL STATEMENT.**

A. The Corporation expects all Trustees of the Corporation to conduct business on behalf of the Corporation with integrity and high ethical standards. These Conduct Rules and the bylaws of the Corporation set forth guidelines for all Trustees to follow.

B. In general, Trustees should recognize and avoid conduct or activities that involve or might appear to involve a conflict of interest. Although it is impossible to list

every circumstance that may suggest a possibility of a conflict of interest, some guidelines are as follows:

1. Trustees must not use any position with the Corporation for personal, private gain or benefit. In addition, Trustees may not use nonpublic information obtained in connection with their duties or service to the Corporation to the detriment of the Corporation or for their direct or indirect personal gain or advantage or for the personal gain or advantage of any other Person, including, but not limited to, a Related Person of a Trustee or Corporate Personnel.
2. Trustees should avoid any action that might result in or create the appearance of inappropriate preferential treatment of any Trustee or Corporate Personnel, or any Related Person of any Trustee or Corporate Personnel.
3. Trustees may not at any time disclose any confidential or commercially sensitive information or trade secrets of the Corporation or that the Corporation obtains from third parties, except as and to the extent authorized by the Corporation's bylaws and any other rules of the Corporation.
4. A Trustee should not engage in conduct or activities that conflict or are inconsistent with any activity of the Corporation or that would cause a reasonable person to believe that the Trustee's judgment, loyalty, or objectivity might be influenced in a way that is adverse to the interests of the Corporation.
5. Trustees should take care to avoid adversely affecting the public's confidence in the integrity or the reputation of the Corporation. Trustees should be able to justify and withstand public scrutiny of their conduct and activities.
6. Trustees who serve on the boards of other entities (whether for-profit or nonprofit) must be meticulous in observing the rules of separate loyalty.

C. In considering the guidelines set forth in these Conduct Rules and the Corporation's bylaws, a Trustee must remember that the relationships of his or her business associates, family, friends, and other Persons may give rise to a potential conflict of interest even if the Trustee himself or herself is not involved directly. A potential conflict can exist when the parties in the relationship give or receive, or could reasonably be perceived to give or receive, unfair advantage or preferential treatment because of the relationship. No Trustee should have a direct or indirect interest in or relationship with any outside Person or organization that might affect (or that might reasonably be perceived by others as affecting) the objectivity or independence of the Trustee's judgment or conduct in carrying out his or her duties to the Corporation.

D. Trustees should be aware that even the appearance of a conflict of interest could harm the Corporation, and [they](#) should always try to avoid giving an appearance of impropriety. When in doubt, Trustees should disclose the circumstances to their fellow

Trustees and follow the applicable procedures set forth in these Conduct Rules and the Corporation's bylaws.

III. GENERAL CONFLICT-OF-INTEREST REQUIREMENTS.

A. Each Trustee must comply with all laws and regulations applicable to the conduct of the business of the Corporation, all policies established by the Developmental Board of Trustees, and these Conduct Rules. Any Trustee who becomes aware of any illegal conduct on the part of any other Trustee, or any conduct that is otherwise inconsistent with the requirements of these Conduct Rules, must promptly report such conduct to the Board of Trustees.

B. No Trustee may use any Corporation property or services for personal gain or remove or dispose of the materials, supplies, or equipment of the Corporation without proper authority.

C. No Trustee or Related Person of any Trustee may accept any form of gift, gratuity, or entertainment that would tend to affect or give the appearance of affecting his or her judgment in the performance of his or her duties; provided, however, that a Trustee may accept (i) items such as food, refreshments, and entertainment in the course of a meal, theater event, sports event, or social event and (ii) non-cash gifts of a nominal value such as pens, pencils, note-pads, calendars, and other non-cash gifts received for a special occasion, in each case of a value not exceeding \$250 (U.S.) per source per year.

D. No Trustee may solicit or attempt to solicit for employment any individual who is then an employee of the Corporation; induce or attempt to induce any such employee to terminate his or her employment with the Corporation; take any other action that might reasonably interfere with or damage the Corporation's business opportunities or business relationships with its employees, lenders, creditors, customers, or other Persons with which the Corporation conducts business; or otherwise violate the Trustee's duty of loyalty to the Corporation.

E. Except as may be allowed by a recognized legal privilege or appropriate assertion of confidentiality, no Trustee may withhold information from or give false or misleading information to anyone conducting duly authorized investigations or audits of the Corporation.

IV. IMPLEMENTATION.

A. Individuals with certain relationships are prohibited from serving on the Developmental Board of Trustees. See Section 7.10 [of the Corporation's bylaws](#). If any Trustee, or any Related Person of a Trustee, has a direct or indirect beneficial or other interest in, or relationship with, any Person (or any Affiliate of any Person) with which the Corporation transacts (or proposes to transact) business, the Trustee must fully disclose to the Board of Trustees the existence and nature of such interest or relationship

and all applicable facts known to the Trustee that an ordinarily prudent person would reasonably believe to be material to a judgment about whether to proceed with the transaction. If the transaction is sufficiently material to require action by the Board of Trustees or one of its committees, any Trustee having a direct or indirect interest or relationship must refrain from voting on the matter, and all applicable action shall be undertaken in accordance with the Corporation's bylaws and applicable state law governing "interested" or "self-dealing" transactions involving nonprofit corporations.

B. Trustees must comply with applicable law. The Developmental Board of Trustees will maintain reasonable means for assessing and monitoring all Trustees to ensure such compliance. Trustees may consult counsel for the Corporation if they have any questions regarding applicable law or these Conduct Rules. Any Trustee who received a written opinion from counsel for the Corporation is entitled to rely on that opinion.

C. The Corporation will distribute a copy of these Conduct Rules to each of the Corporation's Trustees upon his or her election to the Developmental Board of Trustees and not less often than once a year thereafter. All Trustees must complete an annual disclosure questionnaire regarding compliance with the Corporation's bylaws and the provisions of these Conduct Rules.

D. The Developmental Board of Trustees may, by approval of two-thirds of its members, remove from the Developmental Board of Trustees any Trustee who fails to comply with any applicable law or fails to comply with any provision of these Conduct Rules.

EXHIBIT C – Regional Representatives Group

Category	Principal-Alternate	Name	Affiliation
Affiliated Tribes	Principal	Margie Schaff	ATNI
Alberta Provincial/Regulatory	Principal	Kellan Fluckiger	Alberta DOE
	Alternate	Warren Frost	Alberta DOE
BC Provincial/Regulatory	Principal	Nadine Nichols	British Columbia Utility Commission
	Alternate	Shelley Murphy	Ministry of Energy & Mines
Canada	Principal	Vipin Prasad	Alberta Electric System Operator
	Alternate	Neil Millar	Alberta Electric System Operator
CREPC/NWPPC	Principal	Wally Gibson	NWPPC
Direct Service Industrial Customers	Principal	Don Schoenbeck	DSI (RCS)
	Alternate	Ray Bliven	DSI (RCS)
Environmental Community	Principal	Steve Weiss	NW Energy Coalition
FERC Jurisdictional Rural Co-ops	Principal	Curtis Winterfeld	Deseret Power
	Alternate	Jim Tucker	Deseret Power
Independent Power Producers/QF	Principal	Michael Alcantar	Alcantar & Kahl
	Alternate	Don Brookhyser	Alcantar & Kahl
Independent Power Producers/Marketers	Principal	Bob Kahn	NW IPP Coalition
	Alternate	Alan Davis	For Power Marketer Coalition
Industrial Customers	Principal	Ken Canon	ICNU
	Alternate	Linc Wolvertson	ICNU
Non-BPA TDUs	Principal	Marshall Empey	Utah Assoc. Muni. Power Systems
	Alternate	Tim Shuba	Shea-Gardner for UAMPS
Public Generators	Principal	TBD	Public Generating Pool (PGP)
	Alternate	Lon Peters	PGP
Renewable Resources	Principal	Tom Foley	Renewable NW Project
	Alternate	Natalie McIntire	Renewable NW Project
Residential Customers	Principal	Matt Steuerwalt	Washington AG Office
	Alternate	Jason Eisdorfer	Citizens' Utility Board of Oregon
Rural Co-ops	Principal	Aleka Scott	Pacific NW Generating Co-op
	Alternate	Doug Brawley	Pacific NW Generating Co-op
Seattle City Light	Principal	Bill Gaines	Seattle City Light
	Alternate	TBD	
State of Idaho	Principal	Lou Ann Westerfield	Idaho PUC
State of Montana	Principal	Marla Larson	Montana PSC
	Alternate	Larry Nordell	Montana Consumer Counsel
State of Nevada	Principal	Grant Siwinski	Nevada PUC
State of Oregon	Principal	Stefan Brown	Oregon PUC
	Alternate	Phil Carver	Oregon Office of Energy
State of Utah	Principal	George Compton	Utah DPU
State of Washington	Principal	Dick Byers	Washington UTC
	Alternate	Alan Buckley	Washington UTC
State of Wyoming	Principal	Steve Ellenbecker	Wyoming PSC
TDU/BPA Customers	Principal	John Saven	NW Requirements Utilities
	Alternate	Susan Ackerman	NW Requirements Utilities
Transmission Scheduling Utilities	Principal	Ray Nelson	PRM Utilities
	Alternate	Loren Baker	PRM Utilities
Urban/Westside TDUs	Principal	Terry Mundorf	Western Public Agencies Group
Filing Utilities	Principal	Randy Cloward	Avista Corporation
	Alternate	Jeff Schlect	Avista Corporation
	Principal	Yakout Mansour	B.C. Transmission Corporation
	Alternate	Cameron Lusztig	B C. Transmission Corporation
	Principal	Allen Burns	Bonneville Power Administration
	Alternate	Syd Berwager	Bonneville Power Administration
	Principal	Chuck Durick	Idaho Power Company
	Alternate	TBD	Idaho Power Company
	Principal	Ted Williams	NorthWestern Energy
	Alternate	John Canavan	NorthWestern Energy
	Principal	John Carr	PacifiCorp
	Alternate	TBD	PacifiCorp
	Principal	Frank Afranji	Portland General Electric
	Alternate	George Hutcherson	Portland General Electric
	Principal	Kimberly Harris	Puget Sound Energy
	Alternate	Dave Hoff	Puget Sound Energy
	Principal	Paul Schmidt	Sierra Pacific/Nevada Power
	Alternate	Mark Backus	Sierra Pacific/Nevada Power
Coordinating Team	RRG Coordinator	Bud Krogh	Krogh & Leonard

EXHIBIT D

OPERATIONAL BYLAWS

EXHIBIT E – Examples of Reallocation and Tabulation of Member Votes – Example 1

REALLOCATION & TABULATION OF VOTES (Example 1 Developmental Bylaws)

Notes: (1) In an override vote (s. 5.14.5), the resolution would be overridden (4 of 5 Member Classes vote against the resolution by a margin of 2/3 of voting power). In a Bylaws Amendment vote (s. 5.14.6), the proposed amendment would be defeated (4 of 5 Member Classes have not approved by a margin of 2/3 of voting power). In other member votes (s. 5.14.8), the matter would also be defeated. (2) This example does not apply to Member votes for election of MRC representatives.

Legend: Red highlighting indicates Member Subclasses where the threshold number of members has not been met.

CLASS	SUBCLASS	VOTES (V) (s. 5.14.1(i))	THRESHOLD (T) (s. 5.14.2)	MEMBERS (assumption)	REALLOCATION FROM CLASSES WITH NO MEMBERS (s. 5.14.4(i))			REALLOCATION WITHIN CLASS WITH 3 SUBCLASSES (s. 5.14.4(ii),(iii),(iv)(c)-(g),(v))						REALLOCATED VOTING POWER (V _{Reallocated})	VOTES CAST (assumption)		VOTING POWER CAST (s. 5.14.5-5.14.8)	
					Vote Reduction	Reallocated Votes	Final Votes	Vote Reduction From Zero-Member Subs	Vote Reduction from Less than Threshold (A)	Voting Power	Reallocated From Zero-Member Subs	Reallocated from Less than Threshold	Final Votes (V _{Reallocated})		Yes	No	Yes	No
MTU		6		6	0	0	6							6	0	6	0	6
	Subtotal			6			6										0	6
TDU	Large TDU	3		3	0	0	3							3	1	2	1	2
	Small TDU	3		3		0	3							3	1	2	1	2
	Subtotal			6			6										2	4
GENS., MARKETERS, LRG GEN. END-USE CONSUMERS,	Generators	4		3	0	0	4	0	0	4	0	0.2	4.2	4.2	1	2	1.4	2.8
	Large Gen. End-Use Consumers	1	5	6		0	1	0	0	1	0	0	1	1	0	6	0	1
	Marketers, Others	1	10	8		0	1	0	0.2	0.8	0	0	0.8	0.8	0	8	0	0.8
	Subtotal			17			6	0	0.2				6				1.4	4.6
STATE & PROV. ENERGY AUTHS., TRIBES, PUBLIC INT. GROUPS	State & Prov. Energy Auths.	5	4	6	0	0	5	0	0	5	0	0	5	5	2	4	1.66667	3.33333
	Tribes	1	1	10		0	1	0	0	1	0	0	1	1	1	9	0.1	0.9
	Public Interest Groups	1	1	10		0	1	0	0	1	0	0	1	1	1	9	0.1	0.9
	Subtotal			26			7	0	0				7				1.86667	5.13333
END-USE CONSUMER	Lg Bundled	1	1	5	0	0	1	0	0	1	1	0	2	2	5	0	2	0
	Lg Unbundled	2	2	2		0	2	0	0	2	2	0	4	4	2	0	4	0
	Consumer Adv.	3	3	0		0	3	3	0	0	0	0	0	0	0	0	0	0
	Subtotal			7			6	3	0	3		0	6				6	0
Totals		31			0	0	31	3	0		0	0		31			11.2667	19.7333
Total Voting Power Cast:																	31	

EXHIBIT E – Examples of Reallocation and Tabulation of Member Votes – Example 2

REALLOCATION & TABULATION OF VOTES (Example 2 Developmental Bylaws)

Notes: (1) In an override vote (s. 5.14.5), the resolution would not be overridden (4 of 5 Member Classes do not vote against the resolution by a margin of 2/3 of voting power). In a Bylaws Amendment vote (s. 5.14.6), the proposed amendment would be defeated (4 of 5 Member Classes have not approved by a margin of 2/3 of voting power). In other member votes (s. 5.14.8), the matter would be approved. (2) This example does not apply to Member votes for election of MRC representatives.

Legend: Red highlighting indicates Member Subclasses where the threshold number of members has not been met.

CLASS	SUBCLASS		VOTES (V) (s. 5.14.1(i))	THRESHOLD (T) (s. 5.14.2)	MEMBERS (assumption)	REALLOCATION FROM CLASSES WITH NO MEMBERS (s. 5.14.4(i))			REALLOCATION WITHIN CLASS WITH 3 SUBCLASSES (s. 5.14.4(ii),(iii),(iv)(c)-(g),(v))							REALLOCATED VOTING POWER (V _{Reallocated})	VOTES CAST (assumption)		VOTING POWER CAST (s. 5.14.5-5.14.8)								
						Vote Reduction	Reallocated Votes	Final Votes	Vote Reduction From Zero-Member Subs	Vote Reduction from Less than Threshold (A)	Voting Power	Reallocated From Zero-Member Subs	Reallocated from Less than Threshold	Final Votes (V _{Reallocated})	Yes		No	Yes	No								
MTU			6		6	0	0	6							6	3	3	3	3								
	Subtotal				6			6										3	3								
TDU	Large TDU		3		3	0	0	3							3	1	2	1	2								
	Small TDU		3		3																3	1	2	1	2		
	Subtotal				6			6										2	4								
GENS., MARKETERS, LRG GEN. END- USE CONSUMERS,	Generators		4		3	0	0	4	1	0	5			5	5	2	1	3.33333	1.66667								
	Large Gen. End-Use Consumers																										
		1	5	0																							
	Marketers, Others		1	10	15			0	1	0	0	1	0	0	1	1	7	8	0.46667	0.53333							
	Subtotal				18			6		1	0			6				3.8	2.2								
STATE & PROV. ENERGY AUTHS., TRIBES, PUBLIC INT. GROUPS	State & Prov. Energy Auths.		4	4	3	0	0	4	0	1	3	0	0	3	3	1	2	1	2								
	Tribes		1	1	0																						
		1	1	0																							
	Public Interest Groups		1	1	2			0	1	0	0	1	1	1	3	3	2	0	3	0							
	Subtotal				5			6		1	1			6				4	2								
END-USE CONSUMER	Lg Bundled		1	1	5	0	0	1	0	0.25	1.25			1.25	1.25	5	0	1.25	0								
	Lg Unbundled		2	2	1																						
		0	2																								
	Consumer Adv.		3	3	6			0	3	0	0	3	0	0.75	3.75	3.75	3	3	1.875	1.875							
	Subtotal				12			6		0	1	5		1	6			3.125	2.875								
Totals			30			0	0	30		2	2	0	1		30			15.925	14.075								
																Total Voting Power Cast:		30									